

**A COMMISSION REPORT**

The Problem  
of Special Districts  
in American Government



**THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS**

MAY 1964

A-22

ADVISORY COMMISSION ON  
INTERGOVERNMENTAL RELATIONS

WASHINGTON, D.C. 20575

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## PREFACE

The Advisory Commission on Intergovernmental Relations was established by Public Law 380, enacted by the 1st session of the 86th Congress and approved by the President September 24, 1959. Section 2 of the act sets forth the following declaration of purpose and specific responsibilities for the Commission.

"SEC. 2. Because the complexity of modern life intensifies the need in a federal form of government for the fullest cooperation and coordination of activities between the levels of government, and because population growth and scientific developments portend an increasingly complex society in future years, it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.

"It is intended that the Commission, in the performance of its duties, will—

"(1) bring together representatives of the Federal, State, and local governments for the consideration of common problems;

"(2) provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation;

"(3) give critical attention to the conditions and controls involved in the administration of Federal grant programs;

"(4) make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the Federal system;

"(5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;

"(6) recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government; and

"(7) recommend methods of coordinating and simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers."

Pursuant to its statutory responsibilities, the Commission from time to time singles out for study and recommendation particular problems, the amelioration of which in the Commission's view would enhance cooperation among the different levels of government and thereby improve the effectiveness of the federal system of government as established by the Constitution.

One problem so identified by the Commission relates to the rapid growth in the number of special districts throughout the United States with consequent effects upon the structure and political responsiveness of local government in this country. In the following report the Commission has endeavored to state what it believes to be the essential facts and policy considerations bearing upon this problem and respectfully submits the conclusions and recommendations set forth herein to Governors, members of State legislative bodies, and to executive and legislative officials of counties, municipalities, and other local units of government.

This report was adopted at a meeting of the Commission held on May 22, 1964.

FRANK BANE, *Chairman.*

## WORKING PROCEDURES OF THE COMMISSION

This statement of the procedures followed by the Advisory Commission on Intergovernmental Relations is intended to assist the reader's consideration of this report. The Commission, made up of busy public officials and private persons occupying positions of major responsibility, must deal with diverse and specialized subjects. It is important, therefore, in evaluating reports and recommendations of the Commission to know the processes of consultation, criticism, and review to which particular reports are subjected.

The duty of the Advisory Commission, under Public Law 86-380, is to give continuing attention to intergovernmental problems in Federal-State, Federal-local, and State-local, as well as interstate and interlocal relations. The Commission's approach to this broad area of responsibility is to select specific, discrete intergovernmental problems for analysis and policy recommendation. In some cases, matters proposed for study are introduced by individual members of the Commission; in other cases, public officials, professional organizations, or scholars propose projects. In still others, possible subjects are suggested by the staff. Frequently two or more subjects compete for a single "slot" on the Commission's work program. In such instances selection is by majority vote.

Once a subject is placed on the work program, a staff member is assigned to it. In limited instances the study is contracted for with an expert in the field or a research organization. The staff's task is to assemble and analyze the facts, identify the differing points of view involved, and develop a range of possible, frequently alternative, policy considerations and recommendations which the Commission might wish to consider. This is all developed and set forth in a preliminary draft report containing (a) historical and factual background (b) analysis of the issues, and (c) alternative solutions.

The preliminary draft is reviewed within the staff of the Commission and after revision is placed before an informal group of "critics" for searching review and criticism. In assembling these reviewers, care is taken to provide (a) expert knowledge and (b) a diversity of substantive and philosophical viewpoints. Additionally, representatives of the American Municipal Association, Council of State Governments, National Association of Counties, U.S. Conference of Mayors, U.S. Bureau of the Budget, and any Federal agencies directly concerned with the subject

matter participate, along with the other “critics” in reviewing the draft. It should be emphasized that participation by an individual or organization in the review process does not imply in any way endorsement of the draft report. Criticisms and suggestions are presented; some may be adopted, others rejected by the Commission staff.

The draft report is then revised by the staff in light of criticisms and comments received and transmitted to the members of the Commission at least 2 weeks in advance of the meeting at which it is to be considered.

In its formal consideration of the draft report, the Commission registers any general opinion it may have as to further staff work or other considerations which it believes warranted. However, most of the time available is devoted to a specific and detailed examination of conclusions and possible recommendations. Differences of opinion are aired, suggested revisions discussed, amendments considered and voted upon, and finally a recommendation adopted (or modified or diluted as the case may be) with individual dissents registered. The report is then revised in the light of Commission decisions and sent to the printer, with footnotes of dissent by individual members, if any, recorded as appropriate in the copy.

## ACKNOWLEDGMENTS

The staff work for this report was conducted by Mr. Stuart Urbach, a staff member of the Commission. In developing the report, Mr. Urbach benefited from assistance and advice generously provided by numerous Federal, State, and local officials, as well as representatives of organizations active in the field of intergovernmental relations.

The Commission desires especially to express its appreciation for the valuable assistance provided by Allen D. Manvel, Chief; Joseph F. Arbena, Assistant Chief; Governments Division of the Bureau of the Census; and to Mrs. Gertrude Whitehouse, Assistant Chief of the Standards Branch, of the same Division.

WM. G. COLMAN,  
*Executive Director,*

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## Chapter I

### INTRODUCTION AND SCOPE OF STUDY

Special districts and public authorities have been a part of the American governmental structure for a long time. (In this report the term "special districts" includes most entities commonly referred to as public authorities.) The toll road and canal corporation of the 1800's are examples of the early use of special districts established to perform functions which government felt obliged to undertake. Similarly, special districts to provide benefits to limited groups of property owners for maintaining local roads or providing protection against the ravages of fire and flood also have a long history.<sup>1</sup> As late as the beginning of the 20th century, these historic uses apparently created little or no conceptual or practical problems for the student of government, the politician, or the public administrator. In the first instance, they were created by action of an appropriate unit of

general government and there were relatively few districts. The special benefit district generally provided an extremely limited service, benefited a small group of people, and rarely affected programs of general local government.

In 1897 the city of Spokane, Washington sold a bond issue for extension of its water system and pledged the revenue received from the furnishing of water for payment of the bonds. This revenue bond operation by a unit of general government provided a financial technique which was to play a major role in the development of a large number of special districts, particularly public authorities, as they are known today. While almost one-half the units of government enumerated as special districts by the Bureau of the Census enjoy the power to tax property, the opportunity to issue revenue bonds, secured by service charges, provided a significant stimulant to the use of special districts.

However, the device used by Spokane lay largely dormant until the 1930's. The Depression, with the resulting erosion of the property tax base of local government and the impetus for construction of local public facilities provided by various Federal programs, stimulated the growth of special districts. State legislation authorizing creation of special districts in order to avoid debt limits, thus permitting State and local participation in various Federal public works programs, was actively promoted by President Roosevelt in cooperation with the

<sup>1</sup> Steven B. Sweeney (ed.), *Metropolitan Analysis—Important Elements of Study in Action* (Philadelphia: University of Pennsylvania Press, 1958), at page 83 points out that special districts were used in the Philadelphia area during the early 1800's. This volume indicates 10 units operating in the area by 1805. Frederick L. Bird, *Local Special Districts and Authorities in Rhode Island, Research Series No. 4* (Bureau of Government Research, University of Rhode Island, 1962), states on page 3 that special districts in Rhode Island date from 1797. Richard Folmar, *Special District Governments in New Mexico* (Legislative Council Service, 1960), on page 26 indicates that Community Land Grant Districts had their origins in the Spanish occupation of the territory in the 17th century. The first general statute authorizing irrigation districts was adopted by California in 1887 and such districts have been included in each decennial Census of Agriculture since 1890; John C. Bollens, *Special District Government in the United States* (University of California Press, 1957), pp. 142-144.

Governors' Conference.<sup>2</sup> The scarcity of equipment and materials for capital construction purposes during World War II proved a dampening effect on the growth of special districts, but the removal of these limitations in 1945-46, and the needs of the Nation's rapidly expanding population, provided the impetus for a phenomenal growth in their number following the War. In this context it should be kept in mind that units of general government—cities, towns, counties, and States—as well as special districts, resort to revenue bond financing.

The growth of special districts during the 1930's and following World War II caused academicians to turn their attention to the problems created by the use of this device. John C. Bollens, as recently as 1957, was able to say: "Only one kind of special districts, the school district, is reasonably well known, although subject to frequent misconceptions, and many nonschool districts are erroneously regarded as parts of other governments. Special districts, particularly those in the nonschool category, constitute the 'new dark continent of American politics,' a phrase applied earlier in the century to counties."<sup>3</sup>

In approaching this study and in attempting to shed further light on this "dark continent," the report is primarily concerned with two aspects of such districts. First is their impact on the operations or functions of units of general government at the National, State, and local levels. This impact has various aspects which may or may not be present in an individual situation. Among these are: (1) competition for governmental financial and personnel resources;

(2) competition for public support; (3) coordination of programs in a given community to assure a proper balance of, and economy in, total governmental activities; and (4) coordination of programs affecting a given service in which two or more levels of government are engaged. Second is the degree to which special districts can, or are, meeting the governmental-service needs of the people. This requires not only determining the extent to which an individual single-function district is providing the service it was created to provide, but evaluating (1) whether or not the service is economically provided; (2) the degree to which the service affects other aspects of governmental activity; and (3) the degree to which the district permits or hinders the exercise of effective control of government by the people.

The ensuing analysis finds that special districts, at a given time and place, can be a useful tool of government, but their use as effective instruments of government is often limited. There appear to be two major reasons for this limitation.

First, all too often, the activities of individual or groups of special districts are not properly coordinated and integrated with the activities and programs of general government. The lack of coordination and integration exists both at the local level in terms of total impact of governmental programs, and at regional, State, and National levels in terms of the role of district activities in broader-based functional programs.

Second, special districts usually are permitted to outlive their value in a given situation. Districts are created to meet particular problems or demands for services. When the problem is resolved, when the service can be provided more effectively by another unit of government, or when circumstances change, the district should be dis-

<sup>2</sup> Council of State Governments, *Public Authorities in the States: A Report to the Governors' Conference* (Chicago: 1953), pp. 26-27. Robert Gerwig, "Public Authorities in the United States," 26 *Law and Contemp. Prob.* 591 (Autumn 1961), pp. 596-597.

<sup>3</sup> *Ibid.*, Bollens, p. 1.

solved. Unfortunately, this rarely happens.

In attempting to define the role of special districts in the structure of American government, it is first necessary to determine exactly what governmental units are being considered. This is extremely important because the extent of the problems associated with special districts and the alternatives available for their resolution turn on the definition used. Dr. Bollens uses the following definition:

"They are organized entities, possessing a structural form, an official name, perpetual succession, and the rights to sue and to be sued, to make contracts, and to obtain and dispose of property. They have officers who are popularly elected or are chosen by other public officials. They have a high degree of public accountability. Moreover, they have considerable fiscal and administrative independence from other governments. The financial and administrative criteria distinguish special districts and other governments from all dependent or subordinate districts and from most authorities which, lacking one or both of these standards, are not governmental units. However, some entities legally identified as authorities, especially those in public housing, meet the requirements and are considered as special district governments \* \* \*. Unlike most other governments, individual special districts usually provide only one or a few functions. In this respect they most closely resemble the townships in a number of Midwestern states, but it is not difficult to differentiate them."<sup>4</sup>

But prior to this descriptive definition he says that: "Much of the analysis that follows

<sup>4</sup> *Ibid.*, Bollens, pp. 1-2. The Bollens' definition was based on the 1952 classification used by the Bureau of the Census.

seeks to answer fully \* \* \*" the question of "What are special districts?"

While most special districts, as Bollens points out, are authorized to undertake one, or a limited number of related functions, some have such broad statutory authority that they come near being units of general local government. For example, the Indian Lake Shores Fire District in Rhode Island is authorized to undertake water supply, fire protection, police, life saving, street lighting, and garbage disposal systems, "or any similar system deemed necessary for the protection of lives and property within the district or for the general improvement, upbuilding and beautifying of district property."<sup>5</sup> In fact, the powers granted to this district are broader than the powers possessed by counties and towns in many States. Similarly, conservation and reclamation districts in Texas are, pursuant to the State constitution, authorized to undertake (1) domestic, commercial, and industrial water supply; (2) irrigation; (3) flood control; (4) drainage and reclamation; (5) forest preservation; (6) hydroelectric power; (7) water conservation; (8) navigation; and (9) sewage and refuse collection and disposal functions.<sup>6</sup>

The Controller of the State of California issues an annual report on financial transactions of special districts in California, in which they are defined as "those districts existing and operating under certain specified statutory authorizations as listed in" a specific table.<sup>7</sup> The Controller's definition

<sup>5</sup> *Ibid.*, Bird, p. 8.

<sup>6</sup> Art. XVI, Sec. 59, Constitution of Texas. See also Woodworth G. Thrombley, *Special Districts and Authorities in Texas* (Institute of Public Affairs: University of Texas: 1959), p. 62.

<sup>7</sup> State Controller, *Annual Report of Financial Transactions Concerning Special Districts of California—Fiscal Year 1960-61* (Sacramento), p. ix. See also State Comptroller, *Special Report on Municipal Affairs* (State of New York, 1963). This report indicates the existence of 4,905 special districts in New York State compared with 970 indicated by the Bureau of the Census.

excludes school districts and irrigation districts, but includes over 1,000 governmental units not included as special districts by the Bureau of the Census.

The starting point for the Bureau of the Census definition of special districts is its definition of "governmental entities." The Bureau provides the following summary definition of such an entity:

A government is an organized entity which, in addition to having governmental character, has sufficient discretion in the management of its own affairs to distinguish it as separate from the administrative structure of any other governmental unit.<sup>8</sup>

The summary definition contains the following three elements: (1) existence as an organized entity; (2) governmental character; and (3) substantial autonomy. Each of these criteria is explained in some detail by the Bureau<sup>9</sup> and each is subject to different interpretations, some permitting greater leeway to the interpreter than others; each is a factor in determining whether a particular entity is or is not a special district.

No specific definition of special districts is provided by the Bureau. Instead, after listing State, county, municipal, and township governments, they state: "there exist many offshoots from the regular structure in the form of single-function and multi-function districts, authorities, commissions, boards, and other entities that have varying degrees of autonomy."

The Bureau attempts to apply its criteria to the statutory provisions authorizing the district and thus minimize subjective analysis. Applying these concepts, the Bureau

found 18,323 special districts in the United States in 1962, exclusive of school districts. However, even if such criteria are accepted, certain questions, relating essentially to items 2 and 3 above as applied to special districts must be raised.

Governmental character is determined by such factors as the procedure for selection of officials of the entity, degree of its public responsibility, and reporting requirements or accessibility of information to the general public. Entities having the power to tax or issue obligations whose interest is exempt from the Federal income tax are commonly regarded as governmental in nature. This permits the inclusion of certain entities, such as utility districts, though they provide what is sometimes considered to be a nongovernmental service. At the same time, certain entities, such as agricultural stabilization committees, local development loan corporations, and cooperative associations for water supply, marketing, or construction, do not meet this standard.

The element of substantial autonomy is of particular significance and, as defined by the Bureau, is based on the degree of fiscal or administrative independence of the entity. Fiscal independence is related to the power of the entity to determine its budget without review or detailed modification by other governments, including the power to fix tax rates or service charges, or to issue debt. Administrative independence is determined by such factors as popular election of the governing body, and nature of the governing body, that is, do its members come from more than one unit of general government, are the functions performed by the entity essentially different from those of its creating government unit and not subject to specification thereby?

The Bureau goes on to say that some local government agencies which might be classi-

<sup>8</sup> U.S. Bureau of the Census, *Census of Governments: 1962, Vol. I, Governmental Organization* (U.S. Government Printing Office, Washington, D.C., 1963), p. 15.

<sup>9</sup> *Ibid.*, pp. 15-16.

fied as independent, based on the above criteria, are not entitled to such classification and are therefore classified "as being parts of other 'parent' governmental units where integration is evidenced by characteristics (usually more than one) such as the following:

(1) appointment of officers by the chief executive of the parent government or ex officio membership;

(2) whether agency facilities complement service, or take the place of facilities, originally provided by the creating government;

(3) reversion of agency responsibility and property to the creating government upon retirement of debt;

(4) requirements for approval of agency plans by creating governments; and

(5) specification by parent government as to location and types of facilities the agency may operate."

The Bureau states that application of these criteria presents "little difficulty in many instances," but that in some cases it is forced to take into account "(1) local attitudes as to whether the type of unit involved is independent or not, and (2) the effect of the decision upon collection and presentation of statistics of governmental finances and employment."

For purposes of this report, the definition and classifications utilized by the Bureau of the Census are accepted as a starting point. Thus, school districts, which were included in Dr. Bollen's study cited earlier, are excluded.<sup>10</sup> What the Bureau of the Census calls "subordinate taxing areas" are also ex-

<sup>10</sup> The Commission recognizes the fact that independent school districts are special districts and create numerous complex intergovernmental problems which warrant careful study, but, because of the unique factors associated with the education function, feels that school districts must be the subject of a separate study.

cluded here but they were included in the previously-cited report of the State Controller of California. However, the problem of definition will be raised throughout the report, especially where the factors cited by the Bureau of the Census and those cited in studies of particular State or geographic areas are significantly different. Out of this will emerge an identification of those units of government which should be subject to various recommendations made at the conclusion of this report. Such units will differ from those included within the definition of the Bureau of the Census.

There are inherent limitations in the Census statistics on special districts, and, while some generalizations are possible, individual analysis of a given State, a rural or urban area, or even a given community, is necessary to determine whether intergovernmental problems allegedly created by special districts are actually present within the particular jurisdiction. The demand for governmental services, the existing governmental structure, and thus the criteria for evaluating the role of special districts, differ quite markedly in different settings and there is great variation among the States. Interstate, metropolitan, suburban, nonmetropolitan urban, and rural areas each present different considerations in any evaluation of the role of special districts. Accordingly, it seems appropriate to attempt to develop some conclusions and recommendations applicable to all special districts, and some applicable to specific types of special districts.

Chapter II of this report presents a brief overview of the legal and administrative procedures for creation of special districts.

Chapter III summarizes the types of special districts and their finances as compiled by the Bureau of the Census. It includes an

analysis of the geographic distribution of the various types of districts.

Chapter IV analyzes the extent to which the existing distribution of special districts can be related to any particular region, type of problem, or provision of State law.

Chapter V briefly reviews the overall fiscal activities of special districts.

Chapter VI examines existing relationships between special districts and units of general government. This relates to factors involving coordination of their activities with the appropriate unit of general government, as well as the types of controls exercised by these units over special districts.

Chapter VII discusses the various factors influencing the creation of special districts. No attempt is made to evaluate these factors or to determine which, if any, should play a part in determining whether a particular governmental service should or should not be undertaken by a special district.

Chapter VIII develops a set of criteria which may be used in determining whether, in a given situation, a special district might be created to provide a particular governmental service.

Chapter IX contains the conclusions and recommendations of the Commission.

## Chapter II

### HOW SPECIAL DISTRICTS ARE CREATED

Special districts, as governmental entities, require prior enabling legislation or other statutory authority before they can be created or can undertake the performance of any function. While some State constitutions contain specific references authorizing the creation of certain types of special districts,<sup>1</sup> the constitutional provisions normally are not self-executing and further legislative action is necessary before one can be created. In most instances the power of State legislatures to authorize the creation of special districts is not derived from specific constitutional provisions; in most instances it is derived from the legislature's general power to create units of local government.

The number of individual State statutory authorizations for the creation of special districts is summarized in table 1. These data are derived from "the individual-state descriptions" appearing in *Governmental Organization, Census of Governments: 1962*.<sup>2</sup> The figures differ from the classification of districts by type in the Census Bureau enumerations because the "individual-state descriptions" permit more detailed differentiation. The column heading "By general statute" is based on the types of districts which are authorized by one or

more individual acts of general applicability in the State.

The State descriptions indicate that at least 589 special districts were created by special acts of State legislatures. Further indication of the fact that districts are often used to meet specific situations is that 36 general authorizing statutes have been utilized in only one instance. Finally, 101 general authorizing statutes and 88 special acts remain on the statute books with no districts functioning pursuant to such authority.

Two or more special districts were in existence under one or more State statutes authorizing 333 specific types of districts in the 50 States. In many of the 333 instances there is more than one authorizing statute for the creation of a given type of district. At least two, and in most States, three or four of the following types of housing and urban renewal authorities are authorized: (a) a city authority; (b) a county authority; (c) a joint city-county authority; and (d) a joint county authority. Similarly, many of the natural resource districts enumerated as irrigation, drainage, flood control, water resources, and water supply, are authorized by numerous separate general statutes. In some instances these variations are not listed separately in the Bureau of the Census descriptive material, but are discussed at length in various State studies. Examples of this are three different authorizations for drainage districts in Maryland; three for

<sup>1</sup> Richard A. Edwards (ed.), *Index Digest of State Constitutions* (Columbia University: Legislative Research Drafting Fund, 1959), pp. 354-358; and indicated cross references.

<sup>2</sup> *Ibid.*, Bureau of the Census, pp. 243-372.

TABLE 1.—Statutory Authorizations for Types of Special Districts, by State, 1962

State	Number of types of districts authorized					
	Total	By general statute			By special act	
		2 or more districts organized	1 district organized	No district organized	Active	Inactive
<b>Northeast:</b>						
Maine.....	112	2			106	4
New Hampshire.....	4	3			1	
Vermont.....	3	2		1		
Massachusetts.....	97	3	1	1	90	2
Rhode Island.....	51	2			49	
Connecticut.....	83	3		1	78	1
New York.....	9	3		1	5	
New Jersey.....	23	9	2	6	3	3
Pennsylvania.....	5	2		2	1	
<b>Midwest:</b>						
Michigan.....	7	4	1	1	1	
Ohio.....	11	8	1	2		
Indiana.....	12	7	2	3		
Illinois.....	29	16		3	7	3
Wisconsin.....	9	4	1	1	1	2
Minnesota.....	12	5	1	4	2	
Iowa.....	8	7			1	
Missouri.....	10	7	1		2	
North Dakota.....	9	6		2	1	
South Dakota.....	9	4	1	4		
Nebraska.....	19	12	2	4	1	
Kansas.....	19	8	3	2	4	2
<b>South:</b>						
Delaware.....	3	1	1	1		
Maryland.....	15	4	1		10	
Virginia.....	16	5			7	4
West Virginia.....	7	4		1	2	
Kentucky.....	13	6	1	5	1	
Tennessee.....	9	4	1	2	1	1
North Carolina.....	24	5	2	3	8	6
South Carolina.....	27	7			18	2
Georgia.....	16	3		1	11	1
Florida.....	159	7	1	2	105	44
Alabama.....	10	4	2	4		
Mississippi.....	7	4			3	
Louisiana.....	44	9		4	25	6
Arkansas.....	20	10		10		
<b>Southwest:</b>						
Oklahoma.....	9	5	1	1	1	1
Texas.....	21	10			8	3
New Mexico.....	5	4		1		
Arizona.....	12	6		5	1	
<b>West:</b>						
Montana.....	9	6	2	1		
Idaho.....	16	13	1	2		
Wyoming.....	14	9	1	4		
Colorado.....	20	11		4	5	
Utah.....	11	10		1		
Washington.....	22	16	3	3		
Oregon.....	22	18	1	2	1	
Nevada.....	17	10	1	4	2	
California.....	55	22	1	2	27	3
Alaska.....	1	1				
Hawaii.....	1	1				
U.S. Total.....	1,146	332	36	101	589	88

Source: U.S. Bureau of the Census, *Census of Governments; 1962, Vol. I, Governmental Organization* (U.S. Government Printing Office, Washington, D.C., 1963), pp. 243-372.

library districts in Indiana; three for water supply districts in Illinois; nine for water conservation districts in Texas; and five for flood control districts in California.

The addition of all statutes authorizing districts of an individual type which are not given separate enumeration by the Census Bureau would significantly increase the number of authorizing statutes.<sup>3</sup> A final point should also be noted. The Bureau of the Census notes that certain general type improvement districts, called "fire districts" in Connecticut, are, in some instances, created pursuant to general authorizing legislation and in others by special act. The numerical breakdown between the two types of authorizing procedures is not provided. The same situation occurs with respect to conservation and reclamation districts in Texas. Woodworth G. Thrombly, writing in 1959, states that the Texas Legislature had created 115 water districts or authorities by special act to that date.<sup>4</sup>

Legislative authorization for the creation of special districts continues at a rapid pace. In 1963, Texas, by special act, authorized the creation of 36 districts (15 hospital, 19 conservation and reclamation, 1 port, and 1 road district) which probably will be included as special districts by the Bureau of the Census.<sup>5</sup> Other examples of 1963 legislative action authorizing the creation of additional districts include: North Dakota, airport authorities;<sup>6</sup> Florida, soil, shore,

and beach preservation districts;<sup>7</sup> Oklahoma, public nonprofit rural water districts;<sup>8</sup> and Utah, library districts.<sup>9</sup>

In 1963, States also expanded the powers of existing special districts in many instances. Thus, in Nebraska sanitary and improvement districts are now authorized to "provide for establishing, maintaining, and constructing water mains, sewers, and disposal plants \* \* \*; for establishing, maintaining, and constructing public roads, streets, and highways, \* \* \*; and may contract for electricity for street lighting for the public streets and highways within the districts, and shall have power to provide for acquisition, improvement, maintenance, and operation of public parks, playgrounds, and recreational facilities."<sup>10</sup> Utah joined the growing group of States which permit soil conservation districts to engage in water conservation and flood control activities.<sup>11</sup>

From analysis of table 1, and the above examples of State action during the 1963 legislative sessions, it is apparent that the scope of special district legislation presently on the statute books, and being enacted at a steady pace, is quite significant.

Generally, statutory authorization for special districts is the first step in their creation. Such legislation merely provides the legal basis pursuant to which the district may be created. This is always true with respect to general statutes and usually true with respect to special acts. Further action must be taken either by the residents of the area and/or appropriate units of general local government or designated State agency.

Where a unit of general local government initiates the process, its governing body

<sup>3</sup>The State of Washington presents an example of the difficulties involved. The Census enumeration of special districts by function indicates 14 types, including a miscellaneous group. The individual-State description for Washington used for developing table 1, indicates 22 types, and a recent Washington study indicates 44 authorizing statutes for the various types of districts. Ruth Ittner, *Special Districts in the State of Washington* (Seattle: University of Washington, Bureau of Governmental Research, 1963), pp. 10-12.

<sup>4</sup>*Ibid.*, Thrombly, p. 46.

<sup>5</sup>Institute of Public Affairs, *The 58th Texas Legislature, A Review of Its Work* (University of Texas, 1963), Appendix A, pp. 62-64.

<sup>6</sup>North Dakota, Ch. 77, Session Laws, 1963.

<sup>7</sup>Florida, Ch. 511, Session Laws, 1963.

<sup>8</sup>Oklahoma, House Bill No. 837.

<sup>9</sup>Utah, Ch. 57, Session Laws, 1963.

<sup>10</sup>Nebraska, Legislative Bill No. 53, 1963.

<sup>11</sup>Utah, Ch. 149, Session Laws, 1963.

adopts an ordinance (or resolution) specifying the need for creation of a district. Thereafter, one of two procedures is followed. The ordinance itself automatically creates the district and, except for the selection of the governing body of the district, no further action need be taken. Under the second procedure, the ordinance merely serves as the mechanism pursuant to which a local referendum is held on whether or not the special district shall be created. A public hearing generally is required at some point under either procedure.

In other instances the initiative for implementing special district legislation rests with the people themselves. Under this procedure, a petition for the creation of the district, directed to the legislative body of the appropriate unit of general local government, a local court, or an appropriate State agency, is circulated to obtain a required number of signatures. In some instances the body petitioned has authority to create the district after hearing, usually with the power to alter boundaries based on the information received during the public hearing. In other instances, after the hearing, the petitioned body will call for a referendum within the area to be encompassed by the district.

Regardless of the procedure utilized, after the final action of the creating body is taken, with or without the referendum, the governing body of the special district is then selected. The process for selection varies significantly, not only among States, but among various types of districts within a given State. The most common selection procedures are (1) popular election and (2) appointment by the appropriate unit or units of general government. In a number of instances, selection of all or a part of the district governing body is made by a court or a State agency or official. Some

State statutes permit the initiating petitioners to determine, in the petition, whether the directors shall be elected or appointed.

In the 1963 legislative sessions, three States—Texas, California, and Nevada—enacted legislation which significantly modified their procedures for creation of special districts. California directed the creation of a “Local Agency Formation Commission” in each county.<sup>12</sup> The Commission consists of five members, two appointed by municipalities within the county and two by the county governing body (these four members must be officers in their respective governments), and one member appointed by the other four. The commissions, with some exceptions, are to review all “proposals for the creation of special districts” within their respective counties. Prior to commencement of any proceedings to create a special district, the proposal must be placed before the Formation Commission for its consideration as to whether or not the district should be created. The commission is directed to adopt “standards and procedures for the evaluation of proposals for the creation of cities or special districts,” considering such factors as:

“(1) Population; population density; land area and land uses; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other population areas; the likelihood of significant growth in the areas, and in adjacent incorporated and unincorporated areas, during the next 10 years.

(2) Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for such services and controls; probable effect of

<sup>12</sup> California, Ch. 1808, Session Laws, 1963.

the proposed formation and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

(3) The effect of the proposed formation, and of alternative actions, on adjacent areas, on mutual social and economic interests and on the local governmental structure of the county."

If the commission disapproves the formation of the proposed district, no further proceedings to form the district can be taken.

The Nevada legislation<sup>13</sup> prohibits the formation of special districts within 7 miles of the boundaries of an existing incorporated or unincorporated town, "unless a petition for annexation to or inclusion within such incorporated city or unincorporated town of such lands has first been filed with the governing body \* \* \* (of the appropriate municipality) \* \* \* and the governing body thereof has refused to annex or include such lands and has entered the fact of such refusal in its minutes." The Texas statute<sup>14</sup> is of the same effect as the Nevada statute, except that the 7-mile figure varies between one-half mile for cities under 5,000 population to 5 miles for those over 100,000 population. Both these statutes are efforts on the part of the respective States to discourage the formation of special districts on the fringes of existing municipalities.

The Bureau of the Census lists 11 interstate compact agencies as special districts in the United States. Procedures utilized for the establishment of interstate compacts are quite standard. Officials from the States involved agree upon the terms of the

compact and the proposed compact is then introduced in the respective State legislatures for appropriate action. Normally, a resolution to approve the proposed compact is then introduced in the Congress by the congressional delegations from the respective States. Upon passage of the State authorizing legislation and congressional consent legislation, the interstate compact agency can be brought into being. In most instances the next step is for the governor to appoint the State's representatives of the particular compact agency. In a few compact agencies, appointments are made from local areas.

Recent congressional enactments have significantly modified the procedure for creation of compact agencies in certain fields. Some agencies established pursuant to the modified procedure might meet the Census Bureau classification as a special district. Under the modified procedure, Congress enacts "consent in advance" legislation which permits two or more States to enter into compacts as specified in the Federal statute. While this type of legislation has been used at various times by Congress,<sup>15</sup> the functions covered by recent legislation of this type are of particular significance in the context of special districts. Subjects covered by such legislation include highway safety,<sup>16</sup> airport,<sup>17</sup> and planning.<sup>18</sup> While the planning compact consent is extremely recent, at least three States have already specifically authorized their local governments to enter into compacts or agreements with similar units in other States for planning purposes.<sup>19</sup>

<sup>13</sup> See Frederick L. Zimmerman and Mitchell Wendell, *The Law and Use of Interstate Compacts* (Chicago: Council of State Governments, 1961), p. 25.

<sup>14</sup> Public Law 85-684, 72 Stat. 635.

<sup>15</sup> Public Law 86-154, 73 Stat. 333.

<sup>16</sup> Public Law 87-70, 75 Stat. 170.

<sup>17</sup> Alabama, Public Act 584, 1963; Iowa, House File 77, 1963; and Massachusetts, Ch. 448, Session Laws, 1963.

<sup>18</sup> Nevada, Ch. 310, Session Laws, 1963.

<sup>19</sup> Texas, Ch. 160, Session Laws, 1963.

## Chapter III

### TYPES OF SPECIAL DISTRICTS BY FUNCTION<sup>1</sup>

In order to determine what role, if any, special districts should play in the structure of American government, it is necessary to consider the functions they perform and to relate these functions to the general responsibilities of government.

These relationships can be analyzed from several points of view: first, the role, if any, that general government plays in the creation of the special district; second, the financial relationships that exist between general government and the special district; and, finally, the relationship that exists between the two in the actual performance of their respective functions. Analysis of the latter two relationships requires use of information relating to different types of special districts.

In the following analysis various types of districts are grouped according to the functions performed. The functions are placed in four groupings: (A) *urban-type functions*, including fire protection, water supply, sewerage disposal, parks and recreation, utility, port, and airport operations, and housing and urban renewal; (B) *mixed urban and nonurban functions*, applicable to both urban and rural areas, including hospital, health, library, and highway; (C) *natural resource functions*, generally related to nonurban areas, including soil conservation, drainage, irrigation, and flood control;

and (D) *miscellaneous functions*, including cemeteries and those other functions which the Bureau of the Census did not classify specifically.

Reference is made to the concentration of special districts in the States and the concentration of district expenditures. The concentration percentage, both of the State incidence of types of districts and their expenditures, is most revealing. With some exceptions, individual types of districts are concentrated in a few States and, as measured by their financial activities, an even higher degree of concentration is present. This functional concentration is often overlooked when considering overall National and State district totals, yet it has a significant impact on the problems which may or may not be associated with the use of special districts in a given State. There has been an increasing dispersion of most types of districts among the States between 1952 and 1962. But despite the increased dispersion there generally has been a greater concentration of district financial activities.

In considering the latter, it must be noted that expenditures for multifunction districts appear under an individual type of district even though the multifunction district itself is not included as a district in that category. This statistical technique will result in expenditures for a given type of district even though none may be listed as being in existence in the State. Finally, special districts engaged in two or more functions are carried

<sup>1</sup> The discussion of incidence and financing of special district activities contained in this chapter is based on statistical data appearing in App. A.

by the Census Bureau as a single-function district unless they had outstanding debt over \$100,000 or employed five or more full-time employees.

Multifunction, multicounty, and interstate special districts are considered separately because of their special features. This means that the latter two types will appear under two subheadings in this chapter—the special classification and functional classification.

## A. Urban-Type Functions

### 1. Fire Districts

Fire districts were reported in 29 States by the Census in 1962, 23 States in 1957, and 19 in 1952. Growth in the number of States with fire districts occurred mainly in the South and Midwest. With the exception of Illinois and Nebraska, such districts exist in large numbers only in the West and Northeast.

*Fire District Concentrations*

	<i>Districts</i>			<i>Expenditures (in thousands)</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	3, 229	2, 420	74. 9	\$44, 852	\$35, 589	79. 3
	(N.Y., Ill., Calif., Nebr., Wash.)			(N.Y., Calif., Ill., Wash., Oreg.)		
1957.....	2, 624	2, 118	80. 7	\$31, 132	\$25, 108	80. 7
	(N.Y., Ill., Calif., Nebr., Wash.)			(N.Y., Calif., Ill., Wash., Mo.)		
1952.....	2, 272	1, 786	78. 6			
	(N.Y., Ill., Calif., Wash., Nebr.)					

Total expenditures for fire protection by special districts were \$44.9 million in 1962. This was 4.0 percent of the \$1.1 billion total local government expenditures for this purpose, compared with 3.8 percent of \$800 million in 1957. The percent of local fire protection expenditures borne by special districts varied from a low of 0.02 percent in Texas to a high of 19.4 percent in Oregon, which was the only State where district expenditures approached 20 percent of total local expenditures for this purpose, while such expenditures exceeded 10 percent of the total in five States. District expenditures for fire protection exceeded \$1 million in nine States and were under \$100,000 in nine States. In 1962, such expenditures totaled \$32 million for current operations and \$13 million for capital construction. District revenues are derived largely from the property tax or special assessments.

### 2. Water Supply Districts

The water supply district is the second most numerous among districts performing

urban-type functions in the United States. It is also a rapidly growing unit of government. There were 1,502 of them in 1962, compared with 665 in 1952.

Water supply districts were found in 36 States in 1962, compared with 35 and 33 in 1957 and 1952, respectively. There appears to be no regional pattern in their use. Contrary to the use of fire districts and, as noted later, several other types, there has been no significant increase in the number of States having water districts during the past 10 years.

Total expenditures by districts for water supply purposes during 1962 were \$385 million, or 18.6 percent of the \$2.1 billion expenditures for this purpose by all local governments. District expenditures, as a percent of all local expenditures for this purpose, increased from 12.3 percent to 18.6 percent between 1957 and 1962.

Special district expenditures for water supply as a percent of total local expenditures for this purpose ranged from a low of less than 0.1 percent in Arizona and Iowa to

a high of 93.2 percent in Maine. In four States—Maine, Nevada, California, and Connecticut—they accounted for more than 50 percent of total local expenditures. In

nine States they accounted for between 20 and 50 percent, and in six States for between 10 and 20 percent of total local expenditures.

#### Water Supply District Concentrations<sup>1</sup>

	Districts			Expenditures (in thousands)		
	Total	5-State total	Percent	Total	5-State total	Percent
1962.....	1,296	721	55.6	\$385,246	\$270,313	70.2
	(Calif., Tex., Oreg., Wash., Colo. or Mass.)			(Calif., Tex., Md., Wash., Colo.)		
1957.....	896	541	60.4	\$195,903	\$137,864	70.4
	(Calif., Oreg., Wash., Tex., Mass.)			(Calif., Tex., Md., Tenn., Conn.)		
1952.....	663	432	65.2			
	(Calif., Wash., Oreg., Maine, Mass.)					

<sup>1</sup> Excludes Pennsylvania.

Water supply districts had total net receipts of \$187.3 million in 1962, and expenditures of \$120 million for current operations and \$218 million for capital outlays. District expenditures were over \$1 million in 24 States and under \$100,000 in 2 of the

35 States reporting such expenditures in 1962. California accounted for 53.9 percent of all district expenditures for water supply purposes.

#### 3. Housing and Urban Renewal Districts

There were 1,099 housing and urban re-

#### Housing and Urban Renewal District Concentrations

	Districts			Expenditures (in thousands)		
	Total	5-State total	Percent	Total	5-State total	Percent
1962.....	1,099	591	53.8	\$497,518	\$261,710	52.6
	(Ga., Tex., Ill., Ala., Mass.)			(Ill., N.J., Pa., Mass., Tenn.)		
1957.....	969	512	52.8	\$255,079	\$127,418	50.0
	(Ga., Tex., Ill., Mass., Ala.)			(Ill., Pa., Mass., Calif., Ala.)		
1952.....	863	454	52.6			
	(Mass., Ill., Ga., Tex., Calif.)					

newal authority districts in 1962.<sup>2</sup> Such districts were enumerated in 36 States and the District of Columbia in each of the last three Censuses of Governments, while every region of the country had at least 2 States in which they were not utilized. One of the most surprising features of the distribution of housing and urban renewal authorities is their frequent use in the less urban States of the South and Midwest. Georgia has 163 such authorities and Alabama, 104.

<sup>2</sup> According to Housing and Home Finance Agency figures, there were approximately 2,000 housing, urban renewal, or housing and urban renewal agencies in the 50 States in 1964. Some are integrated departments of local government and some are classified as subordinate agencies by the Bureau of the Census.

Of the 34 States reporting district expenditures for this purpose in 1962, 31 had expenditures over \$1 million and only 1 under \$100,000. In 15 States, district expenditures accounted for over 90 percent of State and local expenditures for housing and urban renewal purposes. These districts had current expenditures of \$197 million and capital outlays of \$300 million in 1962. In addition to funds from other levels of government, they received service charge revenues of \$226 million in 1962.

#### 4. Sewerage Districts

There were 937 sewerage districts in the United States in 1962, compared with 429 in 1952. Sewerage districts are found in

each region of the country and they are utilized to a significant extent in individual States. In 1962, sewerage districts were in existence in 38 States, compared with 34 in 1957 and 29 in 1952. Sewerage districts

constitute the only single-function-type district for which the Bureau of the Census provides SMSA, non-SMSA data, where significantly more than half of the districts are located in SMSA's.

*Sewerage District Concentrations*<sup>1</sup>

	<i>Districts</i>			<i>Expenditures (in thousands)</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	682	466	68.3	\$206,227	\$150,221	72.8
	(Calif., Colo., Nebr., Ill., N.J.)					
1957.....	451	318	70.5	\$114,298	\$86,872	76.0
	(Calif., Colo., Ill., Nebr., Wash.)					
1952.....	429	308	71.8			
	(Calif., Ill., Colo., Maine, Wash.)					

<sup>1</sup> Excludes Pennsylvania.

Expenditures for sewerage disposal purposes by districts were \$259 million, or 20.3 percent of the total \$1.3 billion local expenditures in 1962. They were \$114 million in 1957, or 12.6 percent of total local expenditures of \$909 million.

As a percent of total local expenditures, district expenditures ranged from a low of less than 0.1 percent in Vermont to a high of 65.4 percent in Washington. In six States their expenditures constituted more than 50 percent of local expenditures for this purpose, while in nine States it was between 20 and 50 percent, and in two it was between 10 and 20 percent.

In 1962 such expenditures exceeded \$1 million in 19 States and were under \$100,000 in 5 States. User charges produced \$64.3 million. Additional revenue sources

for sewerage districts include grants from all levels of general government and special assessments.

*5. Park and Recreation Districts*

Of the special districts classified as undertaking urban-type functions, park and recreation districts have exhibited the greatest rate of growth during the past 10 years, from 194 in 1952 to 488 in 1962. However, only one such district exists in 11 of the 24 States in which they were reported in 1962.

The State distribution of park districts shows no regional patterns except for their rarity in the Northeast. While the Census Bureau does not provide a breakdown of these districts according to SMSA, non-SMSA utilization, their distribution by States would seem to indicate that the majority are outside metropolitan areas.

*Park and Recreation District Concentrations*

	<i>Districts</i>			<i>Expenditures (in thousands)</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	488	416	85.2	\$92,581	\$81,623	88.2
	(Ill., N. Dak., Calif., Ohio, Pa.)					
1957.....	316	287	90.8	\$60,423	\$56,086	92.8
	(Ill., N. Dak., Calif., La., Ohio)					
1952.....	194	180	92.8			
	(Ill., Calif., Ohio, N. Dak., Oreg.)					

In 1962 district expenditures for park and recreation purposes were \$92.6 million, compared with total local expenditures of \$886 million. District expenditures were 10.5 percent of total local expenditures for this purpose in 1962, compared with 9.9 percent in 1957. As a percentage of total local expenditures for this purpose, district expenditures ranged from a low of less than 0.005 percent in Florida to a high of 78.1 percent in North Dakota. Only in Illinois and North Dakota did district expenditures exceed 50 percent of total local expenditures, while Maryland was the only State where expenditures were between 20 and 50 percent of total local expenditures. In five States district expenditures were between 10 and 20 percent of total local expenditures. Illinois accounted for over half of park and recreation district expenditures.

District expenditures for park and recreation purposes point up one important fact in the context of special districts. Maryland, with only one such district, ranked fifth among these States in such expenditures, although 13 States had more than one such district and 8 States had 10 or more.

Park and recreation district revenues are derived largely from property taxes, although service charges and intergovernmental transfers also are sources.

#### 6. Utility Districts

The Census Bureau classification of utility districts includes gas, electric, transportation, and water supply. Excluding water supply districts (considered earlier), all but 10 of the 116 other utility districts are gas or electric districts. In 1962 utility districts were used in 19 States, but there was only one such district in 6 States.

*Utility District Concentrations<sup>1</sup>*

	<i>Districts</i>			<i>Expenditures (in thousands)</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	116	79	68.1	\$641,185	\$526,647	82.1
	(Nebr., Wash., Tenn., Ala., 3 with 6)			(Ill., Nebr., Wash., Calif., Mass.)		
1957.....	97	66	68.0	\$452,271	\$373,153	82.5
	(Nebr., Wash., Tenn., Ala., 2 with 6)			(Ill., Nebr., Wash., Mass., Ariz.)		
1952.....	105	81	77.1			
	(Nebr., Wash., Oreg., N.H., Ariz.)					

<sup>1</sup> Excludes water supply districts.

Comparison of district expenditures for utility purposes is somewhat difficult to evaluate because this function is usually performed by private enterprise and semipublic organizations such as rural electric cooperatives. With this qualification, in 1962 district expenditures for these purposes were \$641 million, or 27.1 percent of such total local expenditures of \$2.4 billion. This compares with \$452.3 million in 1957, or 23.6 percent of total local expenditures. District expenditures as a percent of total local expenditures ranged from a low of 0.47 percent in Kentucky to a high of 100 percent in Maine (\$546,000) and Rhode Island

(\$235,000). District expenditures constituted more than 50 percent of total local expenditures in six States, and between 20 and 50 percent in four States.

District expenditures for transit purposes were noted in six States—California, Georgia, Illinois, Massachusetts, New York, and Pennsylvania. They accounted for \$234.2 million of total utility expenditures and \$240.3 million of the \$582.4 million net receipts of utility districts.

#### 7. Port Districts

The Census Bureau reported 133 port and terminal districts in 1962, compared with 136 in 1952. The highest incidence of such

districts occurred in the South and the three Pacific Coast States. Generally, the use of such districts is associated with metropolitan areas, though in Washington and Oregon

they are used often in nonmetropolitan areas as well. In 1962 only 8 States had more than 1 port district, whereas they existed in 14 States.

#### Port District Concentrations

	Districts			Expenditures (in thousands)		
	Total	5-State total	Percent	Total	5-State total	Percent
1962.....	133	116	87.2	\$116,628	\$109,464	93.9
	(Wash., Oreg., Tex., Calif., Fla.)			(N.Y., Wash., Tex., Calif., Oreg.)		
1957.....	105	87	82.9	\$83,855	\$74,894	89.3
	(Wash., Oreg., Calif., Tex., Fla.)			(N.Y., Tex., Wash., Ill., Calif.)		
1952.....	136	122	89.7			
	(Wash., Oreg., Fla., Tex., Miss.)					

### 8. Airport Districts

The last type of district included as performing an essentially urban-type function is the airport district. According to the Census, there were 76 of these in 1962, an increase of 230 percent from the 23 reported

in 1952. At present, airport districts are found in 14 States, compared with 5 in 1952. These districts probably are used primarily in metropolitan areas in all States except Illinois and Nebraska.

#### Airport District Concentrations

	Districts			Expenditures (in thousands)		
	Total	5-State total	Percent	Total	5-State total	Percent
1962.....	76	64	84.2	\$86,064	\$83,953	97.5
	(Ill., Pa., Nebr., N.C., Fla.)			(N.Y., Minn., Ill., Wash., Oreg.)		
1957.....	29	26	89.7	\$88,504	\$86,279	97.5
	(Ill., N.C., 6 States with 1)			(N.Y., Oreg., Minn., Ill., Wash.)		
1952.....	23	23	100			
	(Ill. only State with more than 1)					

### B. Mixed Urban and Nonurban Functions

Four types of special districts which provide services normally associated with cities are placed in this special category. This has been done because they probably occur most frequently in non-SMSA's or the outer portions of SMSA areas and, with one exception, they show a relatively high concentration in a few States.

#### 1. Health and Hospital Districts

##### a. Hospital Districts

Between 1952 and 1962, hospital districts increased greatly, not only in their incidence but in the number of States where they were used. In 1952 there were 143 such districts in 11 States, and in 1962 there were 418 in 25 States.

With the exception of the Northeast, hospital districts occur in each region of the country, although the greatest concentration is in the South and West. The State distribution of such districts indicates that most of them occur in nonmetropolitan areas.

The primary source of hospital district funds is service charges, although some districts may levy property taxes. They also receive Federal funds for capital construction purposes.

##### b. Health Districts

With the exception of highway districts health districts have shown the smallest increase between 1952 and 1962. There were 231 such districts in 1962 and 228 in 1952.

The data on health districts are to some

extent misleading because of the type of functions included. Those in Florida are mosquito control districts, whereas in the other four States having more than one health district, the unit has a more general responsibility for public health matters.

Health districts' responsibilities are basically of two types: (1) regulatory (insuring that health codes of the State or the district are complied with), and (2) providing certain types of health care within the community.

*Health and Hospital District Concentrations*

	<i>Hospital</i>			<i>Health</i>			<i>Expenditures (in thousands)</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	418	267	63.9	231	223	96.5	\$264,052	\$196,379	74.4
	(Ga., Calif., Fla., Ill., Ala.)			(N.Y., Calif., Fla., Ill., Utah)			(Ga., Calif., Fla., Tex., Ill.)		
1957.....	345	238	69.0	223	220	98.7	\$138,136	\$99,566	72.1
	(Ga., Calif., Fla., Ill., Ala.)			(N.Y., Calif., Fla., Ill., Utah)			(Calif., Ga., Fla., Ill., Tex.)		
1952.....	143	121	84.6	228	224	98.2			
	(Calif., Ga., Fla., Ill., Wash.)			(N.Y., Calif., Fla., Ill., Utah)					

*c. District Expenditures for Health and Hospitals*

District expenditures for health and hospital purposes were \$264.1 million in 1962, compared with total State and local expenditures of \$4.3 billion. Expenditures for health purposes accounted for less than \$14 million of the district total. In 1962 the districts accounted for 6.1 percent of total State and local expenditures for these purposes, compared with 4.3 percent in 1957.

District expenditures in relation to total State and local expenditures ranged from a low of less than one-hundredth of 1 per-

cent in North Carolina to a high of 53.2 percent in Georgia. Such expenditures accounted for more than 20 percent of State and local expenditures in three States—Georgia, Florida, and Alabama—and accounted for between 10 and 20 percent in another three States.

*2. Library Districts*

In 1962 there were 349 library districts, compared with 269 in 1952. However, such districts were reported in only nine States. Library district revenues are derived largely from the property tax, though some Federal funds were also available.

*Library District Concentrations*

	<i>Districts</i>			<i>Expenditures (in thousands)</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	349	326	93.4	\$38,089	\$37,228	97.7
	(Ind., Mo., Ohio, Wash., Ill.)			(Ohio, Ind., Mo., Wash., Calif.)		
1957.....	322	310	96.3	\$13,402	\$13,078	97.6
	(Ind., Mo., Ohio, Wash., Ill.)			(Ohio, Ind., Mo., Wash., Kansas)		
1952.....	269	266	98.9			
	(Ind., Mo., Ohio, Ill., Calif.)					

*3. Highway and Street Lighting Districts*

There were 773 highway districts in 1962, compared with 774 in 1952. Despite the stability in the number of highway districts during the 10-year period, there have been

significant shifts in their distribution among the States. They were reported for 22 States in 1962.

The majority of such districts construct and maintain roads or maintain street light-

ing facilities on roads provided by a general unit of government. Most of them provide a special benefit to property owners along a normally short road in the first instance, or in a relatively small community in the sec-

ond instance. Some of the big toll road and bridge authorities are also included in this classification and they account for the bulk of district expenditures for highway purposes.

#### Highway District Concentrations

	Districts			Expenditures (in thousands)		
	Total	5-State total	Percent	Total	5-State total	Percent
1962.....	773	712	92.1	\$130,725	\$122,845	94.0
	(Mo., Idaho, Oreg., N.J., Conn.)			(N.Y., Va., N.J., Idaho, Mo.)		
1957.....	782	732	93.6	\$98,891	\$94,209	95.3
	(Mo., Idaho, N.J., Oreg., Calif.)			(N.Y., N.J., Va., Idaho, Mo.)		
1952.....	774	730	94.3			
	(Mo., Idaho, Calif., Kansas, Conn. or Md.)					

District expenditures for highway purposes were \$130.7 million, or 1.3 percent of total State and local expenditures of \$10.4 billion for this purpose in 1962. In 1957 such expenditures were \$99 million, also 1.3 percent of total State and local expenditures (\$7.8 billion). The range of these expenditures in relation to total State and local expenditures was from less than 0.1 percent in 11 States to a high of 20.7 percent in Virginia, which was the only State in which such expenditures exceeded 10 percent of the total. In only six States were such expenditures more than 1 percent of the total.

Highway district expenditures are one of the most misleading among special district statistics. Two States—New York and Virginia—accounted for over \$106 million of the \$131 million total in 1962. However, in New York most of it was attributable to the Port of New York Authority (which is officially counted as a “multi-function” rather than as a highway district.) Most of the Virginia expenditures were by the Chesapeake Bay Bridge and Tunnel District.

#### C. Natural Resource Functions

Special districts performing natural resource functions are classified in four basic

categories by the Bureau of Census. These are: (1) soil conservation districts; (2) drainage districts; (3) irrigation and water conservation districts; and (4) flood control districts. With the exception of soil conservation districts, the inherent overlapping of functions among these districts is readily apparent, not only in the statutes authorizing the districts but in their classification titles. The overlap has increased in recent years as a significant number of States have authorized soil conservation districts or sub-districts to engage in various aspects of water conservation, drainage, and flood control functions. In addition, many natural resource districts have responsibilities which relate to water supply districts.

Drainage and flood control districts are concerned primarily with reducing or controlling the damage caused by natural disasters involving water. In some instances the potential for damage might be caused by industrial, commercial, or residential development which disturbs the natural drainage flow. Irrigation and water conservation districts and, to some extent drainage districts, are concerned with conserving water supply, as well as transporting available water to areas which need it. Of the 6,158 natural resource districts, 946 were in SMSA's.

*Natural Resource District Concentrations*

	<i>Natural resource districts</i>			<i>Natural resource districts less soil conservation districts</i>			<i>Natural resource districts expenditures (in thousands)</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	6,158	2,422	39.3	3,697	1,849	50.0	\$176,698	\$118,938	67.3
	(Ill., Calif., Tex., Nebr., Kansas)			(Ill., Calif., Tex., Wash., Nebr.)			(Calif., Tex., La., Ariz., Fla.)		
1957.....	5,543	2,085	37.6	3,258	1,653	50.7	\$119,823	\$84,421	70.5
	(Ill., Calif., Tex., Nebr., Miss.)			(Ill., Calif., Wash., Mo., Nebr.)			(Calif., Ariz., Tex., La., Wash.)		
1952.....	5,224	2,074	39.7	3,243	1,687	52.0			
	(Ill., Calif., Tex., Nebr., Miss. or Mo.)			(Ill., Calif., Mo., Nebr., Wash.)					

*1. Soil Conservation Districts*

With the exception of fire districts, soil conservation districts are the most numerous type of special district in the United States. There were 2,461 in 1962, compared with 1,981 in 1952.<sup>3</sup>

The distribution of soil conservation districts is relatively uniform throughout the United States. They exist in large numbers in every region of the country, except the Northeast. The few districts in the Northeast are due to fewer counties in these States and the county is the territorial unit of these districts in many States, and the relative geographic size of States in this region. The five States having the greatest number of these districts accounted for 26.8 percent of the total—the only type of district for which the five-State percentage was less than 50 percent.

Since county lines provide the boundaries for many soil conservation districts and there are agricultural areas in most SMSA counties, a number of such districts exist in standard metropolitan statistical areas. Except to the extent that they are authorized to function in the water field, their services are rendered exclusively to the farm community. A number of soil conservation districts or subdistricts do have the power to levy taxes or special assessments.

<sup>3</sup>The Soil Conservation Service enumeration indicates 2,912 districts in 50 States on Jan. 1, 1963.

Until recently, the major function undertaken by soil conservation districts was designed to encourage individual farmers to operate their farms in such a manner as to best conserve the land. Districts, with assistance from the Soil Conservation Service, provide various types of technical assistance to farmers.<sup>4</sup> The growing need for water conservation and relationship of water conservation to land conservation has stimulated a number of States to broaden the authority of soil conservation districts. At least 11 States have specifically authorized soil conservation districts to engage in water conservation and flood control activities. The availability of Federal grant funds under the Watershed Protection and Flood Prevention Act of 1954 is primarily responsible for recent expansion of district flood control activities.

*2. Drainage Districts*

There were 2,240 drainage districts in the United States in 1962, compared to 2,174 in 1952.

The regional distribution of drainage districts shows that they are not used in the northeastern portion of the United States, though they are used extensively elsewhere. While figures for SMSA, non-SMSA distribution of drainage districts are not available,

<sup>4</sup>See, generally, *The Soil Conservation Service: What It Is and What It Does* (U.S. Department of Agriculture, Soil Conservation Service, 1963).

the majority of them are not within standard metropolitan statistical areas, though the rural portions of counties within SMSA's undoubtedly contain a number of such districts. District revenues are derived largely from property taxes or special assessments and intergovernmental transfers.

### 3. *Irrigation and Water Conservation Districts*

In 1962 there were 781 irrigation and water conservation districts in the United States, compared with 641 in 1952. With the exception of Nebraska and North Dakota, most of these districts are in the arid Western States. This distribution is related to the fact that they are closely allied to the activities of the Bureau of Reclamation in 17 Western States. They are one of the main devices through which water from Federal projects is made available to irrigable lands in these States.

While the essential purpose of original irrigation districts was to reclaim arid land for agricultural purposes, the growing tendency toward multipurpose development and for conservation of water resources has impelled consideration of urban and industrial water uses, along with agricultural uses in many new projects. Therefore, irrigation and water conservation, as an arm of reclamation projects, now may become involved in the development of water for industrial and urban purposes. Irrigation district revenues are derived from special assessments, and user charges.

### 4. *Flood Control Districts*

In 1962 there were 500 flood control districts in the United States, compared to 206 in 1952. The increase in flood control districts during the 10-year period occurred between 1957 and 1962. There were 209 districts in 1957. The increase is attributable largely to the impact of the Federal Water-

shed Protection and Flood Prevention Act of 1954.

Flood control districts occur in large number in all regions outside the Northeast. Six such districts were found in the Northeast in 1962, the first time flood control districts were utilized in this region in recent years.

Flood control district revenue is derived mainly from property taxes, special assessments, and Federal grants.

### 5. *Other Natural Resource Districts*

In 1962 the Census Bureau listed 176 other natural resource districts in the United States, compared to 222 in 1952. The comparable figure for 1957 was 217. The variations in the total and the variations among the States indicate that meaningful comparisons and analysis of this group of districts is difficult, if not impossible. Of the 176 districts in 1962, 155 were accounted for in Nebraska and California. Nebraska's 80 districts are concerned with weed control; 59 of California's 75 are concerned with pest control.

### 6. *District Expenditures for Natural Resources*

In 1962 total expenditures by special districts for natural resource purposes were \$177 million. This compares with \$120 million in 1957. District expenditures in 1962 were 12.9 percent of the \$1.4 billion total State and local expenditures for this purpose, compared with 11.6 percent of \$1 billion in 1957. District expenditures for natural resource purposes were reported in 48 States ranging from a low of \$1,000 in Connecticut to a high of \$68 million in California in 1962. Expenditures in 24 States exceeded \$1 million and were under \$100,000 in 10 States. District expenditures exceeded 20 percent of State and local expenditures in 9 States, and were less than 10 percent in 31 States.

## D. Miscellaneous Functions

Districts included as performing miscellaneous functions are cemetery districts and those listed as other single-function districts by the Census Bureau after deletion of port and airport districts.

### 1. Cemetery Districts

There were 1,283 cemetery districts in the United States in 1962, compared to 911 in 1957. In 1962 they were reported in only 12 States. With the exception of Kansas, Nebraska, and Illinois, these districts are found almost exclusively in the Western States. The activities of cemetery districts appear to bear little relationship to the general functions of government. District revenues are derived from user charges, property taxes, and intergovernmental transfers.

*Cemetery District Concentrations*

	<i>Districts</i>		
	<i>Total</i>	<i>5-State total</i>	<i>Percent</i>
1962.....	1,283 (Kansas, Calif., Idaho, Colo., Mont.)	1,106	86.2
1957.....	1,107 (Kansas, Calif., Idaho, Colo., Mont.)	1,023	92.4
1952.....	911 (Kansas, Calif., Idaho, Colo., Utah)	892	97.9

### 2. Other Single-Function Districts

The 1962 Census Bureau figures indicate the existence of 306 other single-function districts in existence in the United States. They were reported in 23 States. The 16 districts in Maine are village improvement corporations which provide a limited number of services as determined by special act; 69 of the 71 districts in Connecticut are local improvement associations; 106 of the 125 listed in New Jersey and Pennsylvania are parking authorities; the 24 in New Mexico are community land-grant districts dating to Spanish occupation of the territory; the 10 in Nevada are television districts; and the 19 in California are memorial districts.

The Bureau of the Census carries a separate classification for 915 education (school building) districts. This type of district was reported only in Indiana and Pennsylvania. The district obtains all funds from intergovernmental transfers and is a device to circumvent State debt limitations upon units of general local government.

## E. Multifunction Districts

Multifunction districts warrant special consideration for several reasons: (1) to the extent that a special district has responsibility for a number of governmental functions, it approaches actually being a unit of general government; (2) certain types of functions (i.e., water supply and sewerage disposal) closely complement each other; (3) the decisionmaking process of a multifunction district requires that its governing board consider the relative merits of its various functions when determining its budget; and (4) use of the multifunction district has been suggested as a possible solution to certain metropolitan area problems.

A multifunction district requires its governing board to make judgments similar to those made by the governing bodies of general government, concerning future service for each function performed, and to establish priorities among its programs. As their functions increase, it may become difficult to distinguish them from units of general government. When this occurs, many of the so-called advantages, as well as disadvantages, of special districts may well be lost.

The Census Bureau reported 310 multifunction special districts in the United States in 1962. This compares with 551 in 1957. No figures were available for 1952. The reduction in the number of these districts between 1957 and 1962 is the result of a change in classification utilized by the Bureau of the Census. The revised classification in-

cludes under multifunction districts only those districts which indicated responsibility for more than a single function and reported five or more full-time employees or indebtedness of at least \$100,000. Other districts undertaking more than one function but not meeting these qualifications were classified as single-function districts.<sup>9</sup>

Of the 310 multifunction districts, 138 were concerned with sewerage and water supply, 56 with natural resources and water supply, and 116 were listed as other multifunction districts. The latter group of 116 includes some of the largest special districts in the United States from the point of view of dollar value of operation: the Salt River Project Agricultural and Power District; the Washington Suburban Sanitary District; the Delaware River Port Authority; the Port of New York Authority; and the Port of Seattle. But considering their financial activities, most of the 310 multifunction districts are relatively small-scale operations. To the extent that expenditures of multifunction districts fall within the basic classification of districts by type, they are included earlier. Thus, expenditures of sewerage and water supply districts are included within district expenditures for water supply and sewerage disposal purposes. Similarly, expenditures of the Port of New York Authority were distributed among district expenditures for airport, port, highway, and utility (transit) purposes.

Although multifunction districts are found in 33 States, 9 States have only 1 such district and only 10 have more than 5. One hundred and seventy-eight of the 310 multifunction districts are in SMSA's. Based on a comparison of the distribution of combined water and sewerage districts with the individual State description of special districts, the majority of them appear to be

in metropolitan areas. A review of the Bureau of the Census' questionnaires of the other multifunction districts does not indicate any clear distribution pattern of these districts, but most of the multifunction districts having large expenditures operate within SMSA's.

#### F. Multicounty Districts

Multicounty districts also warrant separate consideration, because they indicate, to some extent, the degree to which the special district device is utilized to resolve problems that cross jurisdictional lines. They may be solutions for some metropolitan area problems which cross county lines and for certain natural resource problems which follow topographic features of the land rather than political boundaries.

The potential relationship between multicounty districts and SMSA's is indicated by the fact that of the 219 SMSA's reported in 1963, 108 were multicounty and 30 were interstate.<sup>10</sup> While similar data are not available for non-SMSA use, almost all of the most numerous types of natural resource districts are concerned in one way or another with water problems. This fact combined with the knowledge that water problems generally follow the course of streambeds indicate that multicounty districts have a growth potential in rural areas as well.

Table 2 shows the distribution of multicounty special districts in the United States. Such districts exist in every State, except Alaska and Hawaii. Six States have over 100 such districts and 10 States have less than 10. About 65 percent of the multicounty special districts are two-county districts.

Based on presently available information, the majority of multicounty special districts appear to be concerned with natural

<sup>9</sup> *Ibid.*, Bureau of the Census, "Census of Governments: 1962," table 12, footnote 1, p. 66.

<sup>10</sup> U.S. Bureau of the Budget release dated Oct. 18, 1963.

resource functions, though some have a significant impact on metropolitan areas.<sup>7</sup> The Salt River Project, the Maryland National Capital Planning Commission, the Washington Suburban Sanitary Commission, the large port and airport districts, most utility and transportation districts, and all interstate compact agencies are multicounty operations. In fact, many special districts having large expenditures are multicounty districts.

Included in the category of multicounty districts are some 11 interstate compact agencies. Five are concerned with the operation of one or more bridges. Three of them—the Bi-State Development Agency, the Port of New York Authority, and the Delaware River Port Authority—have relatively broad statutory authority to engage in various activities affecting port and other facilities. The Breaks Interstate Park Commission is concerned with the operation of a single park, and the Waterfront Commission of New York Harbor is concerned with reducing crime in the waterfront area. Finally, the Delaware River Basin Commis-

<sup>7</sup> The Michigan study of special districts in metropolitan areas found that ". . . only about 70 are in the 'metropolitan' class as defined. . . . Of these 70, only a handful embrace the entire standard metropolitan area in which they function, while the remainder are much less extensive." Most of these districts apparently do not cross county lines. Max A. Pock, *Independent Districts: A Solution to the Metropolitan Area Problems* (Legislative Research Center, University of Michigan Law School, 1962), pp. 16-17, and footnote pp. 85-87.

sion, which was not reported as operating in 1962, has broad authority to plan and develop water resources in the Delaware River Basin.

The Census Bureau's enumeration of interstate compact agency special districts does not include most of the agencies created by interstate compacts approved by the Congress. Pollution control agencies, such as the Ohio River Valley Water and Sanitation Commission; higher education agencies, such as the New England Board of Higher Education and the Western Interstate Commission on Higher Education; natural resource agencies, such as the Connecticut River Flood Control Commission and the Gulf States Marine Fisheries Commission; and a diverse group in such fields as nuclear development and control of the supply of underground oil reserves entering interstate commerce are not classified as special districts by the Bureau of the Census.<sup>8</sup> The primary reasons for their exclusion are: (1) they are financed by appropriations made by units of general government, and (2) their primary functions are regulatory or promotional rather than operational.

<sup>8</sup> For a complete list of interstate compact agencies, see Council of State Governments, *Interstate Compacts 1783-1956* (Chicago: 1956), and Frederick L. Zimmerman and Mitchell Wendell, "Interstate Compacts," *The Book of the States*, Vols. 1962-63, 1960-61, 1958-59, and 1956-57, Council of State Governments (Chicago, Ill.).

TABLE 2.—*Multicounty Special Districts*

United States	Total	2 county	3 county	4 county	5 or more counties
<b>Northeast:</b>					
Maine.....	6	6			
New Hampshire.....	4	4			
Vermont.....	4	2	1	1	
Massachusetts.....	5	3	2		
Rhode Island.....	2	2			
Connecticut.....	3	3			
New York.....	57	51	2		4
New Jersey.....	14	8	2	2	2
Pennsylvania.....	73	70	2		1
<b>Midwest:</b>					
Michigan.....	13	10	2		1
Ohio.....	13	4	2		7
Indiana.....	14	10	3	1	
Illinois.....	321	261	53	6	1
Wisconsin.....	6	4	1	1	
Minnesota.....	13	7	2	1	3
Iowa.....	18	13	2	1	2
Missouri.....	47	35	8	3	1
North Dakota.....	23	16	4	2	1
South Dakota.....	12	10	1		1
Nebraska.....	192	108	49	14	21
Kansas.....	127	99	16	11	1
<b>South:</b>					
Delaware.....	1	1			
Maryland.....	5	4	1		
District of Columbia.....					
Virginia.....	30	7	9	5	9
West Virginia.....	17	4	5	3	5
Kentucky.....	12	11	1		
Tennessee.....	42	28	11	1	2
North Carolina.....	22	10	1	4	7
South Carolina.....	12	9	2		1
Georgia.....	54	17	6	6	25
Florida.....	28	17	3	1	7
Alabama.....	17	7	5		5
Mississippi.....	49	29	9	3	8
Louisiana.....	16	9	3	1	3
Arkansas.....	22	13	8		1
<b>Southwest:</b>					
Oklahoma.....	33	20	8	5	
Texas.....	168	88	38	24	18
New Mexico.....	36	18	12	3	3
Arizona.....	1		1		
<b>West:</b>					
Montana.....	26	21	4	1	
Idaho.....	56	49	6		1
Wyoming.....	17	13	3		1
Colorado.....	115	70	33	6	6
Utah.....	15	12	2	1	
Washington.....	41	35	4	1	1
Oregon.....	43	35	6	2	
Nevada.....	15	9	3	2	1
California.....	149	124	16	5	4
Alaska.....					
Hawaii.....					
<b>Total.....</b>	<b>2,009</b>	<b>1,386</b>	<b>352</b>	<b>117</b>	<b>154</b>

Source: U.S. Bureau of the Census, *Census of Governments: 1962, Vol. I, Governmental Organization* (U.S. Government Printing Office, Washington, D.C., 1963), Table 16.

## Chapter IV

### NUMBER AND DISTRIBUTION OF SPECIAL DISTRICTS

#### A. National Distribution

The 18,322<sup>1</sup> special districts in the United States are created under one or more statutes in every State. Three States—Alaska, Hawaii, and Delaware—have only one such statute and half the States have 10 or more functional types of districts authorized by 1 or more statutes. With the exception of Alaska and Hawaii, the incidence of special districts ranges from a low of 46 in Virginia to a high of 2,126 in Illinois (table 3). Thirteen States had less than 100 special districts. Three States—California, Illinois, and Pennsylvania—had over 1,000 such districts; and 9 States had between 500 and 1,000.

Only seven States showed a decline in special districts between 1957 and 1962, and only five States had a decrease between 1952 and 1962. Increases in Indiana, Maine, New Jersey, and Pennsylvania are partly accounted for by a change in classification adopted for the 1962 Census of Governments.

The overall national distribution, as shown in table 3, would seem to preclude any regional influences in the existence of special districts. Only when considered by type of function performed is it possible to discern anything resembling regional patterns. Available data on the incidence of special districts would seem to indicate that,

<sup>1</sup> Excludes one housing and urban renewal district in the District of Columbia.

despite their frequency, certain types of districts are more closely related to particular problems in individual States. Thus, with some notable exceptions, only 1 or 2 types of districts predominate in several States which have large numbers of special districts, and some which have less than 300 districts.<sup>2</sup> This is a relatively large group of States, supporting the viewpoint that legislation authorizing creation of districts often is enacted to deal with specific problems. Five States—Illinois, California, Pennsylvania, New York, and Kansas—account for 40 percent of all special districts in the United States. Of these States, all but 8 of New York's 970 districts are of 2 types, and Pennsylvania is unique in that over 1,000 of its districts are organized under a single act.

<sup>2</sup> For example, the Bureau of the Census indicates that there are 970 special districts in New York. This figure includes 836 fire districts and 126 health districts. Sixty-two of the 63 Delaware districts are drainage districts. Similarly, of Arkansas' 299 special districts, 223 are concerned with natural resources and 35 with water supply. Of Iowa's 263 districts, 189 are concerned with natural resources and 46 with water supply. Of Kentucky's 179 districts, 128 are concerned with natural resources and 29 with water supply. Seventy-six of Michigan's 99 districts are soil conservation districts, and of Mississippi's 266 special districts, 33 are housing and urban renewal authorities and 231 are natural resource districts. Of New Mexico's 102 districts, 78 are natural resource districts and 24 are land grant districts. Of Oklahoma's 124 districts, 112 are natural resource districts and 7 are water supply districts. South Dakota's 80 special districts are all natural resource districts, and 56 of Wisconsin's 68 districts are drainage districts, while housing and urban renewal authorities constitute an additional 8 districts.

TABLE 3.—Number of Special Districts, 1952-62

State	1962	Percent increase, or decrease (-) 1957-62	1957	Percent increase, or decrease (-) 1952-57	1952	Percent increase, or decrease (-) 1952-62
<b>Northeast:</b>						
Maine.....	125	<sup>1</sup> 16.8	107	-16.4	128	-2.3
New Hampshire.....	85	6.2	80	2.6	78	9.0
Vermont.....	72		72	2.9	70	2.9
Massachusetts.....	194	-5.4	205	-6.8	220	-11.8
Rhode Island.....	56	9.8	51	4.1	49	14.3
New York.....	970	5.0	924	-4.5	968	0.2
New Jersey.....	295	<sup>1</sup> 110.7	140	72.8	81	264.2
Pennsylvania.....	1,398	<sup>1</sup> 4,011.8	34	17.2	29	4,720.7
Connecticut.....	204	9.1	187	12.6	166	22.9
<b>Midwest:</b>						
Michigan.....	99	-2.9	102	21.4	84	17.9
Ohio.....	177	10.6	160	14.3	140	26.4
Indiana.....	560	<sup>1</sup> 78.9	313	6.8	293	91.1
Illinois.....	2,126	18.1	1,800	16.4	1,546	37.5
Wisconsin.....	68	-12.8	78	6.8	73	-6.8
Minnesota.....	115	25.0	92	29.6	71	62.0
Iowa.....	263	32.2	199	17.1	170	54.7
Missouri.....	742	-10.3	827	-6.7	886	-16.3
North Dakota.....	246	46.4	168	78.7	94	161.7
South Dakota.....	80	15.9	69	23.2	56	42.9
Nebraska.....	752	23.3	610	25.8	485	55.1
Kansas.....	880	8.9	808	11.6	724	21.5
<b>South:</b>						
Delaware.....	63	-1.6	64	60.0	40	57.5
Maryland.....	176	13.5	155	-1.9	158	11.4
Virginia.....	46	15.0	40	-4.8	42	9.5
West Virginia.....	55	71.9	32	39.1	23	139.1
Kentucky.....	179	14.0	157	20.8	130	37.7
Tennessee.....	268	37.4	195	129.4	85	215.3
North Carolina.....	126	13.5	111	4.7	106	18.9
South Carolina.....	142	26.8	112	43.6	78	82.1
Georgia.....	301	18.0	255	65.6	154	95.5
Florida.....	264	16.3	227	20.7	188	40.4
Alabama.....	202	69.7	119	70.0	70	188.6
Mississippi.....	266	7.3	248	-2.4	254	4.7
Louisiana.....	241	11.1	217	50.7	144	67.4
Arkansas.....	299	17.7	254	10.0	231	29.4
<b>Southwest:</b>						
Oklahoma.....	124	18.1	105	11.7	94	31.9
Texas.....	733	13.6	645	31.4	491	49.3
New Mexico.....	102	-8.9	112	43.6	78	30.8
Arizona.....	52	4.0	50	47.1	34	52.9
<b>West:</b>						
Montana.....	192	10.3	174	30.8	133	44.4
Idaho.....	469	8.8	431	9.1	395	18.7
Wyoming.....	144	8.3	133	46.2	91	58.2
Colorado.....	566	34.4	421	41.8	297	90.6
Utah.....	142	20.3	118	11.3	106	34.0
Washington.....	867	16.4	745	15.7	644	34.6
Oregon.....	727	32.2	550	35.1	407	78.6
Nevada.....	85	46.6	58	31.8	44	93.2
California.....	1,962	18.9	1,650	18.7	1,390	41.2
Alaska.....	6	200.0	2	-81.8	11	-45.5
Hawaii.....	16	-5.9	17	70.0	10	60.0
U.S. totals.....	<sup>1</sup> 18,322	<sup>1</sup> 27.0	14,423	16.9	12,339	48.5

<sup>1</sup> Figures significantly affected by revision of special district definition.

Source: U.S. Bureau of the Census, *Census of Governments: 1962, Vol. I, Governmental Organization* (U.S. Government Printing Office, Washington, D.C., 1963), table 1.

The degree to which special districts generally are utilized in individual States as contrasted to use of only one or two types of districts is of importance. Of the 15 types of special districts discussed in chapter III, 23 States were not among the top 5 States utilizing any type of district, and 9 States were in the top 5 of only one of the 15 groups. Only eight States were in the top five, four or more times. (California and Illinois led the way, both being in the top five 10 times, Washington was in the top five 6 times, and Nebraska and Texas 5 times.)

#### **B. Distribution of Special Districts Within and Outside Metropolitan Areas**

The distribution of special districts in standard metropolitan statistical areas and in non-SMSA's is shown in tables 4 and 5. For the Nation as a whole, 5,410 (or nearly 30 percent) of the 18,322 special districts are in standard metropolitan statistical areas. Of the SMSA districts, 946 are concerned with natural resources, 1,174 with fire protection, 390 with housing and urban renewal, 570 with sewage, 764 with water supply, and 1,388 with other single functions. Thirty-eight percent of the latter single function districts are in Pennsylvania, where most districts are school building or parking authorities. Only 178 multifunction districts were in standard metropolitan statistical areas and most were concerned with water and sewerage services.

All States having SMSA's in 1960 had at least one special district within these areas in 1962. California and Pennsylvania had the greatest number within SMSA's, with 894 and 879, respectively. There were 12 States with over 100 districts within their SMSA's. Excluding natural resource districts, which normally affect only the outer areas of SMSA counties, only 10 States would have over 100 districts in their

SMSA's; and 13 States would have less than 10 districts within SMSA's.

This points up one difficulty in analyzing the SMSA distribution of special districts—the definition of standard metropolitan statistical area. Thus, in those States where counties are large in area, the whole county is included within an SMSA. This accounts for the large number of certain types of districts within SMSA's in some States. The outstanding example of this is California, which has only 57 counties that average over 2,700 square miles in area.

The four urban-type (fire, housing and urban renewal, sewerage, and water supply) functions for which SMSA, non-SMSA data are available are performed by special districts within SMSA's in 14 States; only 3 of 46 States with SMSA's had no such districts within their SMSA's; 8 had 1 type; and 9 had 2.

Fire districts were used in SMSA's of 21 States, but only 11 States had more than 10 such districts. Housing and urban renewal districts existed in 34 States, but only 11 States had more than 10 such districts in SMSA's. SMSA sewerage districts were reported in 32 States, with only 9 having more than 10. SMSA water supply districts existed in 31 States, with only 13 having more than 10. Including multifunction districts, only 13 States had more than 10 special districts of 2 or more of these types within SMSA's. The five States having the greatest number of SMSA districts—California, Pennsylvania, Illinois, New York, and Washington—accounted for 59 percent of the total. Substituting Oregon for Pennsylvania, the top five would account for 57 percent of these districts in SMSA's.

The same four urban-type functional districts and multifunction districts were present in non-SMSA's of all States except Delaware, Hawaii, Michigan, New Mexico, and South Dakota. Of the 45 States having

TABLE 4.—Special Districts Located Within Standard Metropolitan Statistical Areas, 1962

State	Total	Natural resources	Fire protection	Housing and urban renewal	Sewerage disposal	Water supply	Other single function	Multi-function
<b>Northeast:</b>								
Maine.....	8	1		1	3	3		
New Hampshire.....	3	1		1		1		
Vermont.....								
Massachusetts.....	116	6	5	67	1	34	3	
Rhode Island.....	36	1	27	3		4	1	
Connecticut.....	98		20	25	2	5	41	5
New York.....	447	2	406				38	1
New Jersey.....	175	9	55	31	30	5	42	3
Pennsylvania.....	879	2		25	161	120	534	37
<b>Midwest:</b>								
Michigan.....	30	15			1	7	6	1
Ohio.....	64	24		12	1	1	26	
Indiana.....	102	13		9	2		78	
Illinois.....	704	180	261	24	44	27	164	4
Wisconsin.....	23	14		6	3			
Minnesota.....	23	9		8	2		4	
Iowa.....	66	15	8		2	38	3	
Missouri.....	59	10	27	5	1	5	11	
North Dakota.....	13	8		1			4	
South Dakota.....	2	2						
Nebraska.....	108	11	16	2	75		3	1
Kansas.....	50	23		1	1	7	14	4
<b>South:</b>								
Delaware.....	1			1				
Maryland.....	23	6		3			11	3
Virginia.....	10	4			1		5	
West Virginia.....	18	2		4	4	4	3	1
Kentucky.....	29	6	8		3	11		1
Tennessee.....	37	6	1	6		17	1	6
North Carolina.....	18	4		7	1	1	3	2
South Carolina.....	38	6	4	5	2	11	5	5
Georgia.....	42	5		21		1	15	
Florida.....	78	31	10	16	2		19	
Alabama.....	20	6		14				
Mississippi.....	2	1				1		
Louisiana.....	34	11	1	7	3	4	8	
Arkansas.....	64	15	2	4	13	28	2	
<b>Southwest:</b>								
Oklahoma.....	19	10			2	6		1
Texas.....	214	70	3	39	2	56	14	30
New Mexico.....	7	3					4	
Arizona.....	31	25			2		3	1
<b>West:</b>								
Montana.....	28	23		1		1	3	
Idaho.....								
Wyoming.....								
Colorado.....	194	17	43	2	53	53	14	12
Utah.....	44	15			4	10	11	4
Washington.....	289	56	101	6	30	73	19	4
Oregon.....	247	22	55	3	27	64	72	4
Nevada.....	19	7	1	3	2	2	3	1
California.....	894	245	120	27	90	164	201	47
Alaska.....								
Hawaii.....	4	4						
U.S. total.....	5,410	946	1,174	390	570	764	1,388	178

Source: U.S. Bureau of the Census, *Census of Governments: 1962, Vol. 1, Governmental Organization* (U.S. Government Printing Office, Washington, D.C., 1963), table 13.

TABLE 5.—Special Districts Located Outside Standard Metropolitan Statistical Areas, 1962

State	Total	Natural resources	Fire protection	Housing and urban renewal	Sewerage disposal	Water supply	Other single function	Multi-function
<b>Northeast:</b>								
Maine	117	14	2	3	15	55	23	5
New Hampshire	82	9	20	3	1	36	11	2
Vermont	72	13	30		2	21	6	
Massachusetts	78	9	6	20	1	37	4	1
Rhode Island	20	2	11	1	2	4		
Connecticut	106	1	36	13	3	1	52	
New York	523	1	430				92	
New Jersey	120	5	43	11	22		36	3
Pennsylvania	519	3		14	94	86	298	24
<b>Midwest:</b>								
Michigan	69	61					8	
Ohio	113	76		5		1	31	
Indiana	458	89		4			364	1
Illinois	1,422	793	359	83	32	7	147	1
Wisconsin	45	42		2			1	
Minnesota	92	89		1			2	
Iowa	197	174	10		3	8	2	
Missouri	683	156	2	2			523	
North Dakota	233	104	27	2			100	
South Dakota	78	78						
Nebraska	644	260	305	1	2		74	2
Kansas	830	216				7	607	
<b>South:</b>								
Delaware	62	62						
Maryland	153	142		3	1	4	2	1
Virginia	36	28			3		5	
West Virginia	37	11		4	6	15		1
Kentucky	150	122	5		2	18	2	1
Tennessee	231	125		40		49	15	2
North Carolina	108	68		13	7	9	7	4
South Carolina	104	43	9	8	4	21	15	4
Georgia	259	23		142		2	92	
Florida	186	82	14	21		5	63	1
Alabama	182	49		90			43	
Mississippi	264	230		33			1	
Louisiana	207	87	14	31	17	24	34	
Arkansas	235	208		7	5	7	7	1
<b>Southwest:</b>								
Oklahoma	105	102	1			1		1
Texas	519	322		91		67	12	27
New Mexico	95	75					20	
Arizona	21	12				1	7	1
<b>West:</b>								
Montana	164	108		4			51	1
Idaho	469	162	53	3	2	5	242	2
Wyoming	144	103	21		1		18	1
Colorado	372	151	74	4	52	18	72	1
Utah	98	59	4		3	2	29	1
Washington	578	130	212	13	13	45	159	6
Oregon	480	167	148	6	6	54	95	4
Nevada	66	32	9	2	2	1	19	1
California	1,068	302	210	28	66	127	304	31
Alaska	6						5	1
Hawaii	12	12						
<b>U.S. total</b>	<b>12,912</b>	<b>5,212</b>	<b>2,055</b>	<b>708</b>	<b>367</b>	<b>738</b>	<b>3,700</b>	<b>132</b>

Source: U.S. Bureau of the Census, *Census of Governments: 1962, Vol. 1, Governmental Organization* (U.S. Government Printing Office, Washington, D.C., 1963), table 13.

such districts in non-SMSA's, 8 had 1 type and 7 had 2 types. Of 4,000 of these 5 types of districts in non-SMSA's, fire districts with 2,055 accounted for over 50 percent of the total.

Five States—California, Illinois, Nebraska, New York, and Washington—accounted for 49 percent of these five types of districts in non-SMSA areas. Fire protection districts were reported in 26 States, 17 of which had more than 10 such districts. Housing and urban renewal districts were present in 34 States, but only 15 States had more than 10. Sewerage districts were present in 27 States, but only 8 had more than 10, while water districts were reported in 31 States with only 15 having more than 10. Including multifunction districts, only 15 States had more than 10 special districts of 2 or more of these types within their non-SMSA's.

The essential point revealed by the analysis of urban-type special districts is the variation in their use by the several States. This will be referred to later.

### C. Relation to State Law

There are three basic aspects of State law which might be expected to have a bearing on the incidence of special districts. These are State restrictions on: (1) the taxing powers of local government; (2) the indebtedness of local governments; and (3) the functions and powers of local government. Previous Advisory Commission studies have analyzed each of these subjects.

In its study of tax restrictions on local government, the Commission grouped the States into four categories, based on the degree of restriction which the State imposed on the powers of local government to levy taxes, ranging from the least restrictive

to the most restrictive.<sup>3</sup> There are seven States in the least restrictive group. Of these States, New Jersey and Connecticut have more than 200 special districts each; 3 have between 100 and 200; and 2 have less than 100. The second group includes 20 States, which allow considerable flexibility and "provide relatively high maximum rates." They include Illinois, California, and Pennsylvania, which have over 1,000 special districts each and 8 other States which have over 200 such districts. The most restrictive group consists of 9 States and of these, only 2—Indiana and Washington—had more than 200 special districts. Four of the nine had less than 100 districts.

The same Commission report lists the States in order of the effective rate of property tax within each State. Comparison of these rates with the distribution of special districts reveals the same sort of non-correlation that was shown regarding tax limitations. Thus, States like New York, Oregon, and Illinois, all with a large number of special districts, were among the States having high effective property tax rates, while Texas and Washington also having many districts were among the States having low effective rates.

Tax limitations on local government would be particularly significant for those tax-supported services which require large operating expenditures in contrast to capital outlay. Special districts providing services such as fire protection, where operating expenditure is likely to be the major cost in providing the service, should occur with greater frequency in those States having stringent property tax limitations, if property tax limitations are a significant factor in their creation. However, of the five States having the greatest number of fire

<sup>3</sup> *Advisory Commission on Intergovernmental Relations, State Constitutional and Statutory Restrictions on Local Taxing Powers* (1962), p. 120.

districts, three fall within the group of States permitting relatively high millage rates and considerable flexibility; one within group 3 (allowing little flexibility, or low maximum rates); and only one (Washington) within the most restrictive group.<sup>4</sup>

The Commission, in its report on local government debt limitations, discussed the impact of local debt restrictions on the creation of special districts.<sup>5</sup> The direct effect of debt restrictions on the creation of districts in a State is difficult to gage, because of the variation in types of restrictions and their individual and collective impact. Thus, in some States there is an absolute prohibition on general obligation debt over a certain percentage of the property tax base. In other States there is a tentative limit which can be exceeded with voter approval. In some instances, more than a majority vote is necessary to approve the additional debt. The various types of limitations are somewhat ameliorated by statutes in most States which permit units of general local government to incur revenue bond debt (sometimes referred to as "nondebt debt") secured by service charges, which is excluded from debt limitation computations, and which often can be incurred without voter approval. This would mean that the three high-cost type urban districts which are most numerous—housing and urban renewal, sewerage disposal, and water supply—are excluded

<sup>4</sup> In Washington the restrictiveness of the property tax powers of local government is not a factor in the creation of fire districts. In Washington fire districts are among those districts known as "junior taxing districts." The statutory limitation on local taxing powers is an overall limitation on a particular parcel of property. The tax limit is 40 mills. Whether the fire protection services are financed through property taxes levied by a unit of general local government or by a special district, the effective tax rate on a particular piece of property cannot exceed 40 mills.

<sup>5</sup> Advisory Commission on Intergovernmental Relations, *State Constitutional and Statutory Restrictions on Local Government Debt* (Washington, 1961), pp. 53-62.

from the influence of debt limits in most States.

These qualifications of the impact of debt limitations on the creation of special districts must, of course, be viewed in the context of individual State situations. It is readily acknowledged by all concerned that the special district authorities in Pennsylvania are a direct result of the severe debt limitation provisions of the Pennsylvania Constitution.<sup>6</sup> Similarly, the growth of sewer and water authorities in New York State (not included as special districts by the Bureau of Census) also resulted from debt restrictions in the State constitution.<sup>7</sup> The point is that State and local governments have acquired a high degree of sophistication in circumventing statutory and constitutional debt restrictions.

A third type of restriction relates to the authority of units of general local government to undertake the performance of certain functions. As was pointed out in an earlier Commission report,<sup>8</sup> restrictions on the powers of local government date to our English heritage and were embodied in what is known as Dillon's rule:

It is the general and undisputed proposition of law that a municipal corporation possesses, and can exercise, the following powers, and no others: First, those granted in *express words*; second, those *necessarily or fairly implied* in or *incident to*, the powers expressly granted; third, those *essential to* the declared object and purposes of the corporation—not simply convenient, but indispensable.<sup>9</sup>

<sup>6</sup> Department of Internal Affairs, *Municipal Authorities—The Pennsylvania Experience*, Commonwealth of Pennsylvania (Harrisburg, 1962), pp. 7-9.

<sup>7</sup> Temporary State Commission on Coordination of State Activities, *Staff Report on Public Authority Under New York State*, Leg. Doc., 46, 1956, pp. 46-49.

<sup>8</sup> Advisory Commission on Intergovernmental Relations, *State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Government* (Washington, 1962).

<sup>9</sup> J. F. Dillon, *Municipal Corporations*, sec. 55, 1st edition, 1872, emphasis by Dillon. For a discussion of the impact of this rule, see *ibid.*, pp. 23-27.

It need only be said here that until recently, courts have been quite rigorous in applying the "Dillon rule" to the powers of local government.

The report also discusses inadequate legislative authority for municipal bodies to provide for the needs of their residents. It cites the Kentucky General Assembly as refusing to authorize Jefferson County to undertake a countywide drainage program in conjunction with the city of Louisville. "This uncertainty and inadequacy of power has discouraged the initiative of local governing bodies to meet local needs and often has caused those seeking service to go elsewhere."<sup>10</sup>

Even today, many municipalities and counties cannot exercise the broad range of powers necessary to perform particular services. Often where that power exists the service area encompasses the boundaries of two or more political subdivisions. In this case, if effective service is to be provided, authority must exist for the units of general local government to enter into agreement among themselves to undertake a particular function. Otherwise, the function continues to be performed on a frag-

mented basis or a special district must be formed. Authority for interlocal contracting or joint performance of functions by municipalities and counties has been a comparatively recent development. A significant number of States still have not granted such authority to their local governments and it has been granted only recently in some States.

A final type of legal restriction which tends to stimulate the growth of special districts is one that requires uniform taxation of all property within the taxing jurisdiction. Unless this limitation can be circumvented by use of the benefit assessment concept, it is sometimes difficult for a unit of general local government to provide a service to a particular area within its jurisdiction even though it has authority to do so without creating a special district. A number of States permit such benefit assessment districts and other States permit counties to provide a service for a limited portion of its territory and to tax only the property therein for the service. Such States include Maryland, Louisiana, North Carolina, California, and Oregon, the latter two of which are among those States which have the greatest number of special districts.

<sup>10</sup> *Ibid.*, pp. 43-44.

## Chapter V

### FINANCING SPECIAL DISTRICT OPERATIONS

Special district expenditures in 1962 were \$3.2 billion. This was 3.9 percent of total State and local government expenditures. The comparable figures for 1957 were \$1.8 billion and 3.8 percent. While the total expenditures are substantial, a large proportion of district financial activities are accounted for by relatively few districts. In 1957, 660 districts out of a total of 14,405 accounted for 77.1 percent of district expenditures, 75.7 percent of district revenues, and 90.2 percent of district gross debt.<sup>1</sup> While comparable national figures for 1962 are not available, information from individual States indicates the same pattern still prevails.<sup>2</sup>

Although financial analysis alone will not provide a measure of the impact of special district activities on the total governmental process, it does help identify those areas where districts may have the greatest impact. Generally speaking, relatively few districts account for the major portion of

district financial activities both within a State and within each functional class of districts. Exceptions are fire protection and soil conservation districts whose financial activities tend to be spread more equally among all districts of these types within a State.

Table 6 shows revenues of special districts, by source, in 1957 and 1962.

#### A. User Charges

User charge revenues are the sum of "current charges" and "utility revenue." Utility revenue includes revenue of districts providing gas, electric, transit, and water supply services. Current charges are the sum of user charges exacted by all other special districts. Almost all types of special districts exact some type of current charges, although of the \$803 million of current charge revenue in 1962, \$412 million, or 51.3 percent, of the total was received by hospital and housing and urban renewal districts. Other types of districts receiving significant current charge revenue are airport, port, sewerage, and certain natural resource districts.

User charges accounted for \$1.6 billion, or 61.3 percent, of the 1962 total district revenues of \$2.6 billion. In 1957 they accounted for 66.3 percent of total revenues. While total district revenues increased 73.2 percent between 1957 and 1962, user charge revenue increased 60.1 percent. Special districts in five States—California, Illinois, New York, Nebraska, and Washington—

<sup>1</sup> U.S. Bureau of the Census, *U.S. Census of Governments: 1957, Vol. III, No. 2, Finance of Special Districts* (Washington, D.C.: U.S. Government Printing Office, 1959), p. 17.

<sup>2</sup> Of California's 3,000 special districts enumerated by the State Controller, 10 accounted for 33.2 percent of total revenues received for general purposes by all districts in fiscal 1961, and 16 accounted for over 55 percent of total California district debt in fiscal 1961. Irrigation taxes were levied in 30 counties in Nebraska in 1962, totaling \$1 million. Individual county yields ranged from \$73 to \$397,000 (Nebraska State Tax Commission and State Board of Equalization and Assessment, *1962 Annual Report*, January 1963, Statement No. 16, pp. 244-245). Of 109 special districts in New Mexico in 1957, 5 accounted for 80.5 percent of total district indebtedness (*ibid.*, Folmar, p. 59).

TABLE 6.—Revenue of Special Districts, by Source, 1957 and 1962

(In thousands of dollars)

State	Total revenue		Property tax		Special assessments		Current charges		Utility revenue		Intergovernmental revenue		All other	
	1962	1957	1962	1957	1962	1957	1962	1957	1962	1957	1962	1957	1962	1957
<b>Northeast:</b>														
Maine.....	10,024	6,032	540	147	124	69	1,003	847	6,807	4,663	1,467	228	141	77
New Hampshire.....	4,994	2,635	608	371	34	29	1,126	848	661	628	1,117	487	1,048	31
Vermont.....	942	470	156	141	21	(1)	126	199	105	54	25	29	9	48
Massachusetts.....	109,914	85,799	1,573	1,194	196	138	23,077	18,851	43,316	43,804	28,553	16,616	4,201	3,173
Rhode Island.....	6,088	4,225	369	484	272	68	2,792	1,800	878	672	1,393	1,285	56	26
Connecticut.....	31,968	24,548	4,133	3,001	2,629	968	13,515	12,045	6,483	5,574	3,966	2,181	632	213
New York.....	168,052	105,969	14,096	9,237	102	.....	138,020	87,083	2,785	26	4,507	3,443	8,572	6,080
New Jersey.....	84,347	39,191	1,684	1,053	5	.....	45,278	24,776	6,724	363	27,497	11,075	3,159	1,897
Pennsylvania.....	181,312	28,189	.....	.....	0,800	.....	95,608	21,444	26,528	4	91,878	6,000	6,533	741
<b>Midwest:</b>														
Michigan.....	18,848	10,341	3,452	2,743	7	1	11,284	4,511	1,662	1,543	1,353	1,422	1,042	124
Ohio.....	53,295	27,396	27,498	7,751	209	.....	15,250	12,729	744	690	8,268	4,540	1,826	647
Indiana.....	61,804	35,054	11,902	7,287	15	124	2,354	3,553	28,493	23,229	15,321	1,003	1,042	311
Illinois.....	355,050	259,940	130,029	91,948	2,802	1,079	49,739	26,708	143,907	124,967	15,734	3,815	15,058	10,887
Wisconsin.....	14,296	11,683	6,786	2,464	68	126	3,269	5,427	.....	.....	3,867	3,513	270	143
Minnesota.....	18,777	6,276	1,772	16	965	.....	4,147	2,384	.....	.....	8,448	3,792	2,929	215
Iowa.....	2,940	2,301	429	329	219	266	1,533	1,987	18	7	373	813	79	55
Missouri.....	31,994	18,208	10,036	7,459	369	313	8,063	3,834	679	787	8,522	3,187	4,353	524
North Dakota.....	3,257	1,078	1,484	1,101	78	7	1,142	755	.....	.....	452	49	101	98
South Dakota.....	594	610	60	.....	20	4	439	483	.....	129	56	7	9	8
Nebraska.....	137,434	94,107	1,962	1,433	3,630	1,335	4,445	3,127	120,688	85,934	1,835	433	4,673	1,944
Kansas.....	23,982	15,131	1,962	1,210	154	976	2,885	1,373	10,876	10,563	200	113	913	413
<b>South:</b>														
Delaware.....	1,879	676	4	22	1	.....	665	372	.....	.....	1,195	273	14	.....
Maryland.....	39,265	25,248	5,020	2,638	9,251	3,228	13,093	8,548	6,626	6,207	4,271	2,945	927	903
District of Columbia.....	5,387	3,999	.....	.....	.....	.....	5,065	3,308	.....	.....	3,275	1,129	47	33
Virginia.....	20,028	12,450	.....	.....	101	(1)	13,562	11,075	.....	.....	1,142	614	5,225	178
West Virginia.....	2,483	2,159	120	94	8	.....	1,395	1,075	.....	.....	34	533	948	61
Kentucky.....	5,867	3,803	291	183	96	155	1,524	1,157	3,775	2,029	662	286	207	30
Tennessee.....	33,942	16,370	.....	.....	2	68	148	7,723	5,264	9,163	4,470	14,709	6,275	2,280
North Carolina.....	11,090	7,096	285	222	173	130	5,079	4,149	4,128	292	4,128	2,760	812	135
South Carolina.....	17,748	8,228	3,085	1,662	56	65	1,230	3,432	6,375	1,999	2,529	1,347	473	123
Georgia.....	89,071	41,417	.....	.....	76	37	57,125	29,773	1,689	488	27,040	11,153	3,193	417
Florida.....	71,087	35,962	14,074	8,071	325	8	30,141	19,203	2,810	1,501	11,864	5,096	1,893	2,113
Alabama.....	39,518	18,461	.....	.....	407	21	20,484	10,488	6,145	1,997	11,376	5,016	1,612	463
Mississippi.....	5,947	2,920	1,641	261	282	432	2,229	1,267	.....	.....	2,304	718	291	114
Louisiana.....	37,083	26,660	11,030	9,613	288	77	13,752	7,236	3,287	3,773	6,428	4,457	2,128	3,004
Arkansas.....	6,894	4,067	.....	.....	706	1,421	1,314	1,832	863	287	12	3,225	909	336
<b>Southwest:</b>														
Oklahoma.....	2,178	1,224	8	79	129	.....	727	641	170	279	998	176	154	59
Texas.....	107,066	73,151	27,532	18,745	615	1,345	40,990	22,880	22,004	30,974	12,556	6,885	3,307	2,322
New Mexico.....	3,984	2,826	202	239	274	278	3,090	2,141	.....	.....	225	18	93	61
Arizona.....	47,708	20,043	1,284	1,163	296	125	6,533	5,794	37,495	18,491	415	208	1,245	281
<b>West:</b>														
Montana.....	3,312	2,262	203	200	468	798	2,259	1,250	63	.....	299	101	110	13
Idaho.....	12,261	9,447	3,031	2,474	454	487	5,329	3,221	284	10	3,052	2,780	211	475
Wyoming.....	3,496	2,114	432	286	279	417	1,834	836	.....	.....	790	416	141	137
Colorado.....	17,008	8,448	6,126	2,800	565	239	5,045	3,645	2,808	819	1,832	797	1,362	140
Utah.....	8,968	3,328	2,635	1,239	272	37	1,745	219	2,725	1,424	741	39	450	253
Washington.....	148,425	85,717	16,682	10,815	6,087	3,999	34,531	19,362	74,189	65,221	7,242	2,283	10,263	3,057
Oregon.....	32,140	21,708	7,807	5,296	1,677	1,179	9,871	6,434	9,696	5,576	1,386	2,261	1,712	679
Nevada.....	7,652	4,135	616	535	983	.....	2,177	1,109	3,114	2,330	522	32	241	138
California.....	469,048	242,690	124,871	78,139	9,373	3,937	122,963	73,894	172,729	70,546	21,789	7,555	17,723	8,909
Alaska.....	654	576	.....	.....	.....	.....	81	572	109	.....	8	.....	90	4
Hawaii.....	12	3,610	.....	.....	435	.....	12	2,648	.....	.....	.....	.....	.....	162
<b>U.S. totals.....</b>	<b>2,964,937</b>	<b>1,480,525</b>	<b>447,694</b>	<b>285,568</b>	<b>56,256</b>	<b>25,044</b>	<b>802,988</b>	<b>638,985</b>	<b>799,617</b>	<b>493,225</b>	<b>578,443</b>	<b>124,034</b>	<b>115,089</b>	<b>53,061</b>

<sup>1</sup> Less than \$500.

Source: U.S. Bureau of the Census, *Census of Governments, 1962 and Census of Governments, 1957*.

accounted for 54.6 percent of the user charge revenue in 1962. It is interesting to note here that New York, with \$141 million in district user charge revenue, ranked third in the Nation and almost all of this revenue was received by one special district.

User charges as a source of revenue of special districts as well as units of general local government have increased significantly during recent years for several reasons. Perhaps most important has been the gen-

eral increase in expenditures by State and local governments, causing them to seek additional sources of revenue. Also, government increasingly has been assuming functions, such as water supply, sewerage disposal, housing and urban renewal, and hospitals, which permit relatively easy determination of the unit cost of providing a service, thus facilitating use of user charges. The reasons are summed up in one study as follows:

They are easy to assess and collect. The governing board of the special district, generally, has complete control over the levy as well as the resulting proceeds. Collection is inherently enforceable, for the service performed can be terminated in the event of default. . . .

They are both flexible and reliable. They are not tied to property values and are easily adjusted to meet the needs of the district or to accommodate radical changes in the economic conditions of the nation. Service charges and tolls are not dependent upon the whims of any government outside of the district. The contrast, in these respects, with the other revenue devices, such as property taxes, special assessments and inter-government grants or appropriations, is well marked.<sup>3</sup>

While the reasons for resorting to user charges by units of general local government and by special districts are essentially the same, decisions of the former are subject to political review. In addition, the governing body of the unit of general local government often can transfer surplus user charge revenue to other governmental functions or use other governmental financial resources to supplement the revenues of the user charge services. Generally, these alternatives are not available to a special district.

Factors normally considered by special districts in determining the level of user charges include—

. . . (1) the period within which capital costs are to be amortized; (2) whether maximum use is to be considered as more important than earlier amortization; (3) whether a surplus above debt service, operations and maintenance cost is desired to provide for improvements, extensions, additional facilities or additional activities; (4) the effect of various rates upon user habits, competition, and other economic and social factors; and (5) public relations.<sup>4</sup>

Most districts which exact user charges obtain funds for capital construction through the sale of revenue bonds. The

<sup>3</sup> *Ibid.*, Folmar, p. 68. See also *ibid.*, Temporary Commission on Coordination of State Activities, pp. 43-50.

<sup>4</sup> *Ibid.*, Temporary State Commission on Coordination of State Activities, pp. 518-519.

nature of the agreement between the district and the bondholders, pursuant to which the bonds are sold, usually influences the user charge levied. For some activities, such agreements require that the charge be set at a rate that will insure district revenue equivalent to a certain percentage, usually 120 percent, of the costs for operation of the facility, interest payments, and bond retirement. Often the rate must be approved by independent engineering firms.<sup>5</sup> Generally the agreement requires that charges be sufficient to cover operation and proper maintenance of the facilities and meet interest and principal payments. If rates initially set by a district are insufficient to meet such costs, the agreement generally requires that they be set at a higher level.<sup>6</sup>

Special districts levying user charges possess considerable discretion in setting the level of the charge.<sup>7</sup> In discussing the nature of this discretion, a Pennsylvania study says:

For most operating Municipal Authorities in Pennsylvania, the theory of rate determination is relatively simple. They are natural monopolies selling a service, water supply or sewerage disposal, which has an inelastic demand; that is, there is little change in the quantity purchased as the price increases . . . . Unlike private utility companies, a Municipal Authority need not secure the approval of the Pennsylvania Public Utility Commission in fixing its rate schedule, unless the service area extends beyond the incorporating municipality. The Municipality Authorities Act of 1945 restricts Authorities to "reasonable and uniform rates" which are to be used "for the payment of the expenses of the Authority." This mild restriction is unlikely to interfere with an Authority's operation.<sup>8</sup>

<sup>5</sup> Arnold R. Jones, "The Financing of TVA," 26 *Law and Contemp. Prob.* 741 (Autumn 1961), pp. 748-749.

<sup>6</sup> As an example of the effect of such provisions as they affected the Illinois Toll Highway, see *The Weekly Bond Buyer*, Oct. 7, 1963, p. 3, and Aug. 31, 1964, p. 31.

<sup>7</sup> *Ibid.*, Pock, p. 104; and Temporary State Commission on Coordination of State Activities, p. 518.

<sup>8</sup> *Ibid.*, Pennsylvania Department of Internal Affairs, p. 21.

Pennsylvania practices and procedures are typical of the general standards applicable to all special districts exacting user charges.

### B. General Tax Revenue

While over half the special districts in the United States are authorized to levy property taxes, numerous others are authorized to levy special assessments against property. Combined property taxes and special assessments yielded \$504 million of the total \$2.6 billion of district revenue in 1962, or 19.6 percent, of total district revenues, compared with \$311 million, or 21 percent, of the total in 1957. Two States—California and Illinois—accounted for over half of this type of district revenue, and in only five States did these sources contribute more than \$20 million to district revenue.

Numerous types of districts are authorized to levy property taxes or special assessments. Generally speaking, this is the basic source of revenue for fire protection, flood control, drainage, park and recreation, library, road, and health districts. In addition, many water supply, hospital, sewerage, airport, port, and irrigation and water conservation districts are authorized to levy property taxes or special assessments in addition to having other revenue sources available.

In most instances, special district tax levies are small compared to the levies of units of general local government and school districts; but where several districts overlap a given parcel of property, their combined

impact may be significant. A California study notes that one unincorporated community is subject to a county property tax rate of \$2.34, a combined school district rate of \$5.97, and an overall total rate of \$10.51. Twelve special district levies were indicated on the county tax bill, accounting for the additional \$2.20 of the total bill.<sup>9</sup>

Overlapping of districts levying property taxes is by no means unusual. In both metropolitan and rural areas it is not unusual for a community to be subject to property taxation by a number of special districts. Generally speaking, only one or two units of general local government and school districts can levy property taxes on a given piece of property, but often there is no limit on the number of special districts that may levy a tax or special assessment against such property. Even in States such as Washington, which has a constitutional limit on the overall rate that can be levied against a parcel of property, the limit is not applicable to a number of types of special districts.<sup>10</sup> In some areas "there are as many as nine, ten or twelve [such] units in existence. This situation seems to encourage citizen confusion. . . ." <sup>11</sup>

<sup>9</sup> Stanley Scott and John Corzine, *Special Districts in the San Francisco Bay Area: Some Problems and Issues* (Berkeley: University of California, Institute of Governmental Studies, 1963), p. 5.

<sup>10</sup> *Ibid.*, Ittner, pp. 10-12. The report lists 8 types of districts which may levy a property tax outside the limit, and 15 types which may levy special assessments.

<sup>11</sup> Clyde F. Snider, Gilbert Y. Steiner, and Lois Langdon, *Local Taxing Units: The Illinois Experience* (Urbana: University of Illinois, Institute of Government and Public Affairs, 1954), p. 6.

TABLE 7.—Intergovernmental Revenue of Special Districts by Level of Government, 1957 and 1962

[In thousands of dollars]

State	Total		From Federal Government		From State governments		From other local governments	
	1962	1957	1962	1957	1962	1957	1962	1957
<b>Northeast:</b>								
Maine	1,407	228	635	46	479	9	293	173
New Hampshire	1,117	487	975	290	3	44	139	153
Vermont	25	29			12	17	13	12
Massachusetts	28,551	19,616	6,568	4,716	21,278	14,688	705	212
Rhode Island	1,391	1,185	1,377	1,169	1		13	16
Connecticut	3,966	2,181	2,590	2,073	1,089	6	287	102
New York	4,507	3,443	15		3,882	2,755	610	688
New Jersey	27,497	11,075	15,105	7,761	173	3	12,219	3,311
Pennsylvania	91,878	6,000	13,059	6,000	2,349		76,470	
<b>Midwest:</b>								
Michigan	1,351	1,422		343	613	216	738	863
Ohio	8,268	4,540	4,624	2,349	1,482	367	2,162	1,824
Indiana	16,321	1,003	1,403	519	336	154	14,582	330
Illinois	16,724	3,815	12,130	2,057	2,992	987	1,602	771
Wisconsin	3,867	3,513	217	636	20	14	3,630	2,863
Minnesota	8,444	3,762	4,232	569	669	565	3,543	2,628
Iowa	573	513	76	( <sup>1</sup> )	430	445	67	57
Missouri	8,522	3,187	6,027	2,174	664	460	1,831	553
North Dakota	452	49	302	11	31	19	119	30
South Dakota	56	7	53		2	6	1	1
Nebraska	1,885	433	378	356	1,166	37	341	40
Kansas	260	113	37		58	37	165	76
<b>South:</b>								
Delaware	1,195	273	1,146	241	4	16	45	16
Maryland	4,371	2,945	3,891	2,307	237	143	243	495
District of Columbia	3,275	1,159	3,235	1,159			40	
Virginia	1,142	614	323	( <sup>1</sup> )	37	222	782	392
West Virginia	533	948	513	422		520	20	6
Kentucky	462	298	173		229	279	60	19
Tennessee	14,700	6,275	12,199	6,141	622	70	1,879	64
North Carolina	4,138	2,760	3,839	2,647	31	1	268	112
South Carolina	2,529	1,347	1,848	1,168	572	81	109	98
Georgia	27,040	11,153	13,947	4,142	2,077	940	11,016	6,071
Florida	11,844	5,096	5,089	1,720	5,697	2,907	1,058	469
Alabama	11,376	5,016	9,801	4,342	248	436	1,327	238
Mississippi	2,304	716	1,773	515	21	115	510	86
Louisiana	6,428	4,457	5,210	2,905	1,081	1,438	137	114
Arkansas	3,225	909	2,797	656	127	221	301	32
<b>Southwest:</b>								
Oklahoma	996	176	722	1	208	165	66	10
Texas	12,598	6,885	9,108	5,841	606	423	2,884	621
New Mexico	225	18	200	9		9	25	( <sup>1</sup> )
Arizona	415	208	21		9	2	385	206
<b>West:</b>								
Montana	209	101	157	73	25	2	27	26
Idaho	3,052	2,780	50	45	353	773	2,649	1,962
Wyoming	790	416	608	300	16	30	166	86
Colorado	1,832	797	1,253	712	240	5	339	80
Utah	741	59	422	3		2	319	54
Washington	7,243	2,283	2,094	1,209	401	501	4,748	573
Oregon	1,396	2,391	857	1,692	309	471	230	228
Nevada	522	32	205	32	282		35	
California	21,789	7,555	7,732	4,201	3,146	1,940	10,911	1,414
Alaska	8				7		1	
Hawaii		366		366				
U.S. total	373,443	134,634	159,014	73,918	54,317	32,541	160,112	28,175

<sup>1</sup> Less than \$500.

Source: U.S. Bureau of the Census, *Census of Governments, 1962* and *Census of Governments, 1957*.

### C. Intergovernmental Revenues of Special Districts

Revenue received by special districts from Federal, State, and local sources was \$373 million in 1962, or 14.6 percent of total district revenues. This compares with \$135 million, or 9.1 percent in 1957. Details of intergovernmental revenues of special districts are shown in table 7. In 1962, revenues from other local governments amounted to \$160 million; from the Federal Government, \$159 million; and from State government, \$54 million. The comparison, between 1957 and 1962 figures, is somewhat misleading with respect to revenues from other local governments because of the impact of the changed Census classification. Special districts in Maine, New Jersey, Pennsylvania, and Indiana—States most affected by the revised classification—accounted for \$104 million of the \$160 million transfers from other local governments. In 1957 these four States accounted for only \$3.8 million of \$28 million of intergovernmental revenue from this source. The type of district primarily involved in these States receives almost all of its operating revenues from units of local government.<sup>12</sup> Were they excluded, district revenue from this source would have increased from \$24.4 million in 1957 to \$56.6 million in 1962.

Federal grants-in-aid accounted for 11.3 percent of total State and local revenue in

<sup>12</sup> The special districts involved here operate in the following manner. The district issues bonds for the construction of a needed public facility—a school building, water or sewer line, parking lot, etc. The facility is constructed in accordance with plans approved by a school district or unit of general local government. Upon completion of the facility, the school district or unit of general local government leases it from the district. The rent paid to the district is therefore included as district revenue from local governments. Such districts appear to have little impact on intergovernmental relations, though they generally increase the cost of providing a particular service. The Bureau of the Census indicates 915 such districts for school purposes in Indiana and Pennsylvania and about 700 others in Maine, New Jersey, and Pennsylvania.

1962, but they accounted for only 6.2 percent of special district revenue. Hospital and sewerage disposal districts are eligible for Federal grant funds for capital construction purposes; housing and urban renewal districts may receive Federal funds for land acquisition. Similarly, library districts and most natural resource districts are eligible to receive Federal funds under various programs.

In 1962 special districts in five States—New Jersey, Georgia, Pennsylvania, Tennessee, and Illinois—accounted for 41.8 percent of all special district revenues from the Federal Government. Districts in four States received no Federal funds, and in six States they received less than \$100,000.

In 1962 special districts received \$54.3 million, or 2.1 percent of their total revenue from State government. Comparable figures for 1957 were \$32.5 million and 2.2 percent. Five States—Massachusetts, Florida, New York, California, and Illinois—accounted for 68.1 percent of district revenue from this source. In 5 States, districts received no revenue from the State and in 15 they received less than \$100,000. State programs providing revenue for special districts vary significantly. Almost any type of district may be eligible for such assistance in a given State.

Revenues from local government are somewhat more difficult to determine. Generally speaking, statutes authorizing special districts permit local governments to make a contribution to such districts. In addition, local governments may have to pay for services received from some types of districts.

### D. Long-Term Debt

One of the most significant features of special district financial operations is their ability to incur long-term debt for capital construction. Table 8 shows the

status of district long-term debt in 1957 and 1962. In 1962 total long-term debt outstanding amounted to \$10.2 billion, compared with \$6 billion in 1957. This amounted to 13.2 percent and 11.7 percent of all State and local long-term debt outstanding in the respective years.

The heavy reliance on user charge revenues by special districts in furnishing services which require large capital expenditures is clearly evident upon examination of special district indebtedness. Of a total long-term indebtedness of \$10.2 billion, \$8.7 billion was nonguaranteed debt, which, in 1962, was 85 percent of all district long-term debt, compared with 80.7 percent in 1957. Excluding special districts, the nonguaranteed long-term debt of State and local government was \$20.5 billion in 1962 and \$13.5 billion in 1957, or 30.5 and 29.9 percent, respectively, of total State and local debt. Again, in comparing these figures, the revised Census classification should be noted.<sup>12</sup> Despite this change, non-guaranteed long-term debt of State and local government increased during the 5-year period.

In 1962 special districts of 3 States—Pennsylvania, California, and Washington—had outstanding long-term debt of over \$1 billion, while in 6 States it exceeded \$500 million, and ranged from \$100 million to \$500 million in 15 States. Five States accounted for 52.6 percent of all such debt. The impact of a single district on State figures should again be noted. While New York has a total of 970 districts, the Port of New York Authority accounts for the great bulk of the special district debt in that State.

Generally speaking, districts issuing non-

<sup>12</sup> The revised classification, which in 1962 included the "leaseback" authorities in Maine, New Jersey, Pennsylvania, and Indiana as special districts, has particularly affected the Pennsylvania figures. It must be recognized that the underlying financing of nonguaranteed debt for such authorities is the property tax or other source of revenue of some unit of general local government.

guaranteed debt can do so without submitting the matter to a vote of the people and without any sort of State restriction on the amount of debt incurred. Frequently the only restriction on their incurring debt is the extent to which the bond market responds to the securities offered. In this regard, it is important to note that nonguaranteed debt or revenue bonds, whether issued by special districts or by units of general government, cost more than guaranteed or full-faith and credit bonds.<sup>14</sup> However, the differential in interest rates appears to have decreased in recent years as investors have become more acquainted with this type of financing.<sup>15</sup> The differential in interest rates has caused some States and municipalities to pledge their full-faith credit behind otherwise nonguaranteed debt in order to insure more economical borrowing.<sup>16</sup> The basic economic rationale underlying revenue bond financing is that users of a facility should pay for its construction and thus cost of the facility is not a burden on the taxpayer.<sup>17</sup> This may be open to serious criticism. Not only is the potential legal liability of general government for special district debt uncertain, but district defaults would have an adverse effect on the units of general government which created the district.<sup>18</sup>

<sup>14</sup> See Public Affairs Research Council of Louisiana, *A Sound Debt Program for Louisiana*, No. 112 (September, 1963), p. 3. *Ibid.*, A Report to the Governors' Conference, pp. 70-72, 104; and Rowland I. Robinson, *Post War Market for State and Local Securities* (Princeton University Press: 1960), pp. 210-211.

<sup>15</sup> *Authorities—Effective Public Servants* (Philadelphia: Butcher & Sherrerd, 1964), p. 3.

<sup>16</sup> *Ibid.*, A Report to the Governors' Conference, pp. 28-29.

<sup>17</sup> *Ibid.*, Jones, p. 751; and Walter H. Steele, "Revenue Bonds," (ed.) Gordon L. Calvert, *Fundamentals of Municipal Bonds* (Investment Bankers Association of America, 1959), p. 117.

<sup>18</sup> See *Weekly Bond Buyer*, Oct. 21, 1963, sec. 2, p. 1; Oct. 28, 1963, sec. 2, p. 1; and Nov. 4, 1963, p. 3. The first two articles deal with default on the Chicago Calumet Skyway bonds and the latter deals with the West Virginia Turnpike difficulties.

TABLE 8.—Long-Term Indebtedness of Special Districts, 1957 and 1962

[In thousands of dollars]

State	Long-term debt outstanding at end of year					
	Total		Nonguaranteed		Full faith and credit	
	1962	1957	1962	1957	1962	1957
<b>Northeast:</b>						
Maine.....	42,982	28,807	40,196	26,503	2,786	2,304
New Hampshire.....	12,250	10,529	10,533	9,669	1,717	860
Vermont.....	701	452	68	193	633	258
Massachusetts.....	364,249	381,620	358,293	374,430	5,956	7,190
Rhode Island.....	34,359	31,494	30,192	30,504	4,167	990
Connecticut.....	179,171	160,488	139,319	153,292	39,852	7,196
New York.....	736,376	440,910	717,070	433,503	19,306	7,406
New Jersey.....	550,695	304,505	549,635	304,097	1,060	407
Pennsylvania.....	1,765,963	199,692	1,757,897	199,692	8,066	.....
<b>Midwest:</b>						
Michigan.....	19,924	14,832	19,176	13,062	748	1,770
Ohio.....	125,786	76,145	118,691	70,145	7,095	6,000
Indiana.....	225,154	17,484	218,141	15,866	7,013	1,618
Illinois.....	528,842	521,058	336,261	303,773	192,581	217,286
Wisconsin.....	62,201	49,138	4,744	25,797	57,457	23,341
Minnesota.....	73,207	23,928	72,305	15,683	902	8,245
Iowa.....	5,620	7,762	4,854	6,667	766	1,094
Missouri.....	110,805	82,973	101,564	78,334	9,241	4,639
North Dakota.....	733	214	177	63	556	151
South Dakota.....	3,293	3,939	3,253	3,939	40	.....
Nebraska.....	397,584	325,769	392,980	324,056	4,604	1,713
Kansas.....	45,993	15,861	41,418	13,965	4,575	1,896
<b>South:</b>						
Delaware.....	9,542	4,430	9,535	4,396	7	34
Maryland.....	271,814	184,513	201,658	114,232	70,156	70,281
District of Columbia.....	67,550	29,377	67,550	29,377	.....	.....
Virginia.....	250,682	47,751	246,354	47,707	4,328	44
West Virginia.....	13,503	10,167	13,503	10,167	.....	.....
Kentucky.....	21,742	18,646	21,623	18,566	119	80
Tennessee.....	158,731	111,145	156,028	111,145	2,703	.....
North Carolina.....	80,126	63,550	75,081	60,644	5,045	2,906
South Carolina.....	61,690	48,944	40,761	34,089	20,929	14,855
Georgia.....	145,476	136,691	145,476	133,683	.....	3,008
Florida.....	86,723	64,487	68,612	53,218	18,111	11,269
Alabama.....	122,926	85,639	119,153	85,479	3,773	161
Mississippi.....	48,225	12,579	25,425	11,577	22,800	1,002
Louisiana.....	160,595	112,663	100,574	86,197	60,021	26,465
Arkansas.....	18,847	23,663	17,339	20,303	1,508	3,360
<b>Southwest:</b>						
Oklahoma.....	6,158	2,889	6,092	2,668	66	221
Texas.....	483,779	359,620	333,426	255,516	150,353	104,104
New Mexico.....	27,473	27,561	24,866	25,544	2,607	2,017
Arizona.....	172,717	132,097	171,806	123,512	911	8,585
<b>West:</b>						
Montana.....	19,833	21,585	19,375	21,189	458	395
Idaho.....	36,577	30,682	30,811	30,223	5,766	459
Wyoming.....	29,659	16,362	28,760	14,971	899	1,391
Colorado.....	81,002	69,517	54,715	53,421	26,287	16,096
Utah.....	124,102	85,821	87,181	76,065	36,921	9,756
Washington.....	1,120,339	553,571	1,071,322	537,140	49,017	16,430
Oregon.....	73,256	64,752	49,347	47,155	23,909	17,597
Nevada.....	25,732	15,634	21,103	15,476	4,629	158
California.....	1,181,423	940,135	563,052	392,642	618,371	547,493
Alaska.....	3,105	1,707	.....	1,707	3,105	.....
Hawaii.....	.....	12,247	.....	12,247	.....	.....
U.S. Total.....	10,189,211	5,986,025	8,687,290	4,833,489	1,501,921	1,152,531

Source: U.S. Bureau of the Census, *Census of Governments, 1962*, and *Census of Governments, 1957*.

## E. Special District Expenditures

Table 9 contains a summary of total district expenditures for 1952 and 1957. In 1962, five States—California, Illinois, New York, Washington, and Pennsylvania—accounted for 53.6 percent of the \$3.2 billion district expenditures. Intergovernmental expenditures increased from \$19 million to

\$33.7 million. The summary column for selected major functions is based on the expenditures for functions separately classified in chapter III. Special district interest payments on outstanding debt (except for water supply and other utility functions) are carried by the Bureau of the Census as State totals, and as such do not appear as individual functional expenditures.

TABLE 9.—Expenditures of Special Districts, Total and Selected Functions, 1957 and 1962

(In thousands of dollars)

State	Total expenditure		Intergovernmental expenditure		Direct expenditure					
	1962	1957	1962	1957	For selected major functions <sup>1</sup>		Interest on general debt		All other	
					1962	1957	1962	1957	1962	1957
<b>Northeast:</b>										
Maine.....	11,312	7,147	133	87	10,289	6,943	270	118	620	.....
New Hampshire.....	5,092	2,294	29	112	4,841	1,717	328	244	94	223
Vermont.....	473	493	1	3	467	492	5	8	.....	.....
Massachusetts.....	108,118	92,173	2,328	1,392	94,610	79,651	7,224	8,470	3,452	2,663
Rhode Island.....	7,478	3,595	279	114	6,133	3,677	1,065	805	1	.....
Connecticut.....	34,894	27,150	1,103	1,208	29,718	21,741	3,498	3,320	665	884
New York.....	229,875	175,733	6,823	1,702	190,411	160,867	23,190	10,985	7,421	2,159
New Jersey.....	111,242	59,968	1,940	967	85,615	59,180	17,789	8,416	5,998	406
Pennsylvania.....	284,644	30,235	1,943	1,363	137,001	23,257	54,014	5,476	91,886	.....
<b>Midwest:</b>										
Michigan.....	19,371	11,880	7	2	18,398	11,137	459	272	646	468
Ohio.....	62,049	26,967	1,044	1,007	57,895	24,187	3,635	1,792	375	.....
Indiana.....	72,476	32,826	1,296	120	47,041	32,296	8,762	593	15,417	.....
Illinois.....	396,275	294,273	2,024	1,502	393,516	272,210	17,221	11,394	13,514	9,268
Wisconsin.....	19,132	13,529	72	248	17,428	12,128	1,033	1,090	.....	.....
Minnesota.....	23,103	8,951	134	55	22,214	8,214	2,657	681	.....	.....
Iowa.....	1,907	2,370	32	6	1,654	1,942	219	422	2	.....
Missouri.....	34,026	20,994	765	279	30,715	18,419	3,614	2,288	32	.....
North Dakota.....	2,961	1,796	39	20	2,843	1,754	30	11	29	.....
South Dakota.....	740	499	1	4	538	496	.....	.....	1	.....
Nebraska.....	138,848	110,798	2,725	108	134,514	110,125	618	277	991	287
Kansas.....	22,960	14,646	521	2	21,710	14,007	169	173	590	464
<b>South:</b>										
Delaware.....	1,549	570	40	24	1,107	397	402	147	.....	.....
Maryland.....	56,049	42,226	415	321	46,590	38,895	6,488	1,693	2,586	1,406
District of Columbia.....	8,828	8,219	361	184	5,022	7,147	2,055	888	.....	.....
Virginia.....	71,521	25,321	6	67	38,740	23,731	12,730	1,523	46	82
West Virginia.....	2,899	2,893	59	61	2,490	2,457	290	292	30	.....
Kentucky.....	5,971	3,168	9	.....	5,627	2,865	331	323	4	.....
Tennessee.....	47,245	21,788	575	399	43,051	18,767	3,379	2,583	240	18
North Carolina.....	15,156	8,045	304	212	10,965	6,143	2,078	1,689	1,909	.....
South Carolina.....	18,806	10,184	232	152	16,513	8,970	1,193	1,029	456	31
Georgia.....	95,029	51,944	742	664	88,115	46,994	5,930	4,286	242	.....
Florida.....	78,383	34,258	908	539	68,734	31,602	3,177	2,117	545	.....
Alabama.....	42,185	29,126	56	350	37,985	26,533	4,134	2,273	.....	.....
Mississippi.....	11,889	2,629	115	78	8,440	2,104	2,242	436	182	.....
Louisiana.....	50,074	30,580	507	265	44,865	28,277	4,236	1,938	335	.....
Arkansas.....	4,460	3,012	61	70	5,853	2,201	631	741	6	.....
<b>Southwest:</b>										
Oklahoma.....	1,833	1,074	2	.....	1,848	1,065	2	8	1	1
Texas.....	123,996	88,064	1,202	1,104	113,128	79,548	9,477	7,413	179	.....
New Mexico.....	3,284	2,456	4	26	3,137	2,404	14	12	127	15
Arizona.....	45,623	40,467	5	6	45,372	40,154	269	308	.....	.....
<b>West:</b>										
Montana.....	3,290	1,881	39	67	2,896	1,624	113	80	150	111
Idaho.....	19,759	8,474	136	185	19,043	7,913	296	116	305	261
Wyoming.....	3,345	3,005	61	14	3,095	2,882	74	68	115	41
Colorado.....	22,167	11,983	343	235	19,791	9,435	1,458	1,297	575	117
Utah.....	12,719	10,463	21	3	11,647	10,298	956	142	95	19
Washington.....	296,735	123,845	880	487	294,007	119,905	4,880	1,395	168	26
Oregon.....	36,967	22,294	529	491	34,538	21,108	965	511	915	182
Nevada.....	12,271	4,317	63	48	11,868	4,066	829	172	268	.....
California.....	873,443	267,122	4,056	2,232	547,081	260,625	15,710	11,720	6,596	3,285
Alaska.....	662	669	.....	20	355	589	60	.....	147	.....
Hawaii.....	18	4,386	.....	62	13	4,012	.....	291	.....	.....
<b>U.S. total.....</b>	<b>3,152,767</b>	<b>1,800,004</b>	<b>33,712</b>	<b>19,087</b>	<b>2,732,862</b>	<b>1,696,318</b>	<b>230,228</b>	<b>102,203</b>	<b>157,465</b>	<b>22,396</b>

<sup>1</sup> See app. A for itemization of selected major functions.

Source: U.S. Bureau of the Census, *Census of Governments, 1962*, and *Census of Governments, 1957*.

## Chapter VI

### SPECIAL DISTRICTS AND UNITS OF GENERAL GOVERNMENT

The paths of special districts and general government cross at many places. States always, and often units of general government (including the Federal Government), play a part in the creation of special districts. These relations are formal or procedural. They do not necessarily involve the actual operation of district programs. This latter relationship is of extreme importance. However, it is often difficult to isolate the various aspects of the operating relationships between special districts and units of general government. This is particularly true where the nature of the relationship is not spelled out either in the law authorizing creation of the district or in the actual charter or other document creating it. Similarly, as the following analysis will show, some statutory requirements establishing such relationships are often more honored in the breach than in the observance.

In this discussion, it must be remembered that usually other devices are available which would permit a unit of general government to provide a type of service that a special district is providing. The Bureau of the Census lists some 5,223 "county subordinate 'special taxing areas'" in the United States in 1962.<sup>1</sup> Such areas were found in some 20 States, including States which have a significant number of special districts, and some which have few districts. As one commentator noted: "These entities are, in effect, special taxing areas through

which the county government can raise funds to finance services within the districts."<sup>2</sup> California has over 1,000 such entities performing the same type of functions that special districts perform.

A Louisiana study indicates the extensive use of county subordinate taxing areas in both urban and rural areas of the State. In 1961, the urban parish of East Baton Rouge, levied separate property taxes for 37 such areas,<sup>3</sup> though the Bureau of the Census lists only 2 special districts, and no subordinate taxing areas in the parish in 1962. The rural parish of Iberville, with a population of 29,939, levied separate property taxes for 7 such areas in 1961,<sup>4</sup> and the Census Bureau indicates no special districts and 2 subordinate taxing areas in Iberville Parish.

Finally, the Census Bureau indicates that in every State, general government—State, county, and municipal—has created subordinate agencies to undertake various functions which are also performed by special districts in the same State.<sup>5</sup> In evaluating the impact of these devices—subordinate taxing areas, subordinate agencies, and special districts—it must be recognized that the degree of control exercised by the unit of general government over their activities

<sup>1</sup> *Ibid.*, Scott and Corzine, p. 1.

<sup>2</sup> *Tenth Annual Report of the Louisiana Tax Commission for the Years 1960-61*, State of Louisiana (1962), pp. 274-275.

<sup>3</sup> *Ibid.*, p. 280.

<sup>4</sup> *Ibid.*, "Census of Governments: 1962," individual State descriptions, pp. 243-372.

<sup>5</sup> *Ibid.*, Bureau of the Census, "Census of Governments: 1962," table 17.

constitutes a continuum ranging from a governing body of a unit of general government acting as the *ex officio* governing body of the subordinate agency<sup>4</sup> to a governing body of a special district elected by the people and with no legal relationship to any unit of general government. Within this range, it is sometimes difficult to determine whether an individual agency or district is subordinate to, or independent of, a unit of general government. This is one reason why the Census Bureau sometimes has difficulty in determining whether a specific entity should be classified as a special district or not, and why the number of units so classified varies from study to study.

#### A. Relations With Units of General Local Government

Obviously, a major factor affecting relations between districts and units of general local government is the number of special districts included within the boundaries of a unit of general local government. Generally speaking, there are no special districts within portions of a city. Special districts are either coterminous with the territorial boundaries of the city or the whole city is part of a larger special district. The same situation, however, is not true with regard to counties, towns, or States. Generally, districts such as hospital, housing and urban renewal, airport, and port districts are coterminous with boundaries of a unit of general local government; often others are also coterminous with such boundaries.

<sup>4</sup> In Virginia, county governing bodies are authorized to provide water supply, sewerage, garbage disposal, fire protection, and utility services to portions of the county pursuant to secs. 21-113 to 21-140.2 of the Virginia Code. The county governing body acts as the governing body of the "district" providing such service or services and may levy property taxes as well as charge for services rendered. See also Sec. 727.01 et seq. of the Ohio Code and Secs. 17-29-1 et seq. of the Utah Code.

With respect to a county, one measure of potential operational problems is the extent to which numerous special districts exist within its boundaries. Table 10 presents the distribution of multiple districts by county in 47 States, plus county-type units in 3 States. Eight hundred and fifty of these county-type units have 6 or more special districts within their territorial limits; 398 have between 6 and 10 districts; 309 have between 11 and 25; and 143 have over 25. Twenty States have one or more counties in the last category. Less than one-third of the counties with 11 or more special districts are in standard metropolitan statistical areas. At the same time, it must be noted that table 10 understates the degree to which numerous special districts exist within a given county because Census data include multicounty districts in only one county and there were 2,009 multicounty special districts in 1962.

A second factor which must be considered in viewing the overall relations between units of general local government and special districts is the type of function performed by the district. The import of these relations will be significantly different in New York State, where almost all districts provide fire protection or health services, and California, where districts provide almost all types of governmental services.

A final factor affecting operational relations is the extent to which a special district must obtain some type of approval or review from a unit of general local government before it can proceed with its activities. With respect to housing and urban renewal districts, these requirements usually are quite detailed. With respect to fire districts, they are often nonexistent. Such requirements for other districts fall somewhere between these extremes.

TABLE 10.—Incidence of Special Districts in Counties by Selected Classes, by State, 1962

State	Number of special districts	Number of counties				
		Total	Counties with following number of special districts—			
			Under 6	6-10	11-25	Over 25
<b>Northeast:</b>						
Maine.....	125	16	6	6	4	.....
New Hampshire.....	85	10	2	4	4	.....
Vermont.....	72	14	7	6	1	.....
Massachusetts.....	194	14	2	3	7	2
Rhode Island.....	56	<sup>1</sup> 5	2	.....	3	.....
Connecticut.....	204	<sup>1</sup> 8	.....	.....	4	4
New York.....	970	58	12	12	24	10
New Jersey.....	295	21	1	10	7	3
Pennsylvania.....	1,398	67	14	8	29	16
<b>Midwest:</b>						
Michigan.....	99	83	83	.....	.....	.....
Ohio.....	177	88	86	2	.....	.....
Indiana.....	560	92	44	41	7	.....
Illinois.....	2,126	102	16	24	36	26
Wisconsin.....	68	72	70	1	1	.....
Minnesota.....	115	87	85	2	.....	.....
Iowa.....	263	99	88	8	2	1
Missouri.....	742	115	72	17	24	2
North Dakota.....	246	53	33	19	1	.....
South Dakota.....	80	67	67	.....	.....	.....
Nebraska.....	752	93	34	44	12	3
Kansas.....	880	105	51	22	26	6
<b>South:</b>						
Delaware.....	63	3	1	1	.....	1
Maryland.....	176	24	17	3	2	2
Virginia.....	46	<sup>2</sup> 131	<sup>2</sup> 131	.....	.....	.....
West Virginia.....	55	55	51	4	.....	.....
Kentucky.....	179	120	119	.....	1	.....
Tennessee.....	268	95	84	10	1	.....
North Carolina.....	126	100	99	1	.....	.....
South Carolina.....	142	46	40	3	3	.....
Georgia.....	301	159	157	2	.....	.....
Florida.....	264	67	56	7	4	.....
Alabama.....	202	67	59	8	.....	.....
Mississippi.....	266	82	68	11	3	.....
Louisiana.....	241	64	48	9	7	.....
Arkansas.....	299	75	61	9	4	1
<b>Southwest:</b>						
Oklahoma.....	124	77	76	1	.....	.....
Texas.....	733	254	225	17	10	2
New Mexico.....	102	32	25	7	.....	.....
Arizona.....	52	14	11	2	.....	1
<b>West:</b>						
Montana.....	192	56	48	6	2	.....
Idaho.....	469	44	9	19	13	3
Wyoming.....	144	23	14	5	4	.....
Colorado.....	566	63	31	15	13	4
Utah.....	142	29	22	2	5	.....
Washington.....	867	39	4	8	15	12
Oregon.....	727	36	6	9	9	12
Nevada.....	85	17	9	7	1	.....
California.....	1,962	58	3	3	20	32
Alaska.....	6	<sup>1</sup> 18	18	.....	.....	.....
Hawaii.....	16	4	4	.....	.....	.....
U.S. total.....	18,322	3,121	2,271	398	309	143

<sup>1</sup> Unit other than county is used.<sup>2</sup> Includes 33 independent cities.Source: U.S. Bureau of the Census, *Census of Governments, 1962*, Vol. I, Governmental Organizations.

The need for close relations between special districts and units of general local government is most apparent in those situations where district activities can introduce a significant demand for public services performed by a general local government. When a water or sewerage district extends its service lines to an undeveloped or sparsely developed portion of the community, the unit of general local government responsible for providing schools, highways, police, fire protection, and other services will be faced with an increased demand for such services along the extension. Similarly, activities of port, housing and urban renewal, and airport districts generally affect the demand for other services performed by units of general local government. This type of interrelationship is probably most clearly observed in standard metropolitan statistical areas.

Despite the need for close coordination, Max Pock, in his study of metropolitan special districts, found that units of general local government in metropolitan areas were informed of district activities:

... by means of official bulletins, reports, announcements, or less formal media of communication. However, true coordination in the sense of meshing programs and objectives of districts with tangential and interdependent programs and objectives of other governments is only undertaken on a small and perhaps sporadic scale. There is almost a total absence of any formal machinery for cooperation excepting, perhaps, the already mentioned occasional requirement that districts submit financial reports to component units, and that they cooperate with or get approval from enumerated local governments or their technical departments on certain aspects of their activities.<sup>7</sup>

But, Pock notes that most districts "appear to get along well with other units of local government on matters relating to execution of their projects; . . ." <sup>8</sup>

<sup>7</sup> *Ibid.*, Pock, p. 107.

<sup>8</sup> *Ibid.*, p. 107.

Pock's criticism, of course, is not uniformly applicable. Housing and urban renewal authorities generally need the approval of the governing body of a unit of general local government before they can act. In addition, planning for total governmental services is part of the "workable program" requirement necessary for eligibility for Federal grant funds. Similarly, a number of special districts must obtain approval of the unit of general local government within which they propose to acquire property before they can proceed.<sup>9</sup>

Such special districts as fire protection, park and recreation, library, hospital, and most natural resource districts usually do not produce significant demands for services performed by units of general local government. But they may have a significant impact on matters affecting local government organization.<sup>10</sup>

The problem of planning and coordinating governmental services is extremely complicated in any area where numerous districts exist. It can be pointed up readily by considering a single-county metropolitan area, such as Fresno, Calif. According to the Census Bureau, there were 107 special districts in Fresno County in 1962—37 natural resource, 8 fire protection, 2 housing and urban renewal, 4 sewerage and sewage disposal, 26 water supply, 27 other, and 3 multifunction districts.<sup>11</sup> Table 10 indicates, to some extent, the degree to which such situations exist nationally.

<sup>9</sup> *Ibid.*, p. 89, and *ibid.*, Temporary State Commission on Coordination of State Activities, pp. 241-244.

<sup>10</sup> Examples of this are numerous. The Rhode Island General Assembly, in 1951, authorized one of its towns to create and maintain a fire department. The town's assuming this function was conditioned upon the approval of a town meeting and upon the approval of three fire districts within the town which were originally created by special act of the legislature. As of 1962, no town fire department was created. *Ibid.*, Bird, p. 11.

<sup>11</sup> *Ibid.*, Bureau of the Census, "Census of Governments: 1962," p. 108.

While special districts in metropolitan areas were once thought by some to be a possible solution to some metropolitan problems,<sup>12</sup> experience to date does not support this contention. However, multifunction special districts or even single-function districts in metropolitan areas may be an effective means for undertaking some governmental functions, provided appropriate arrangements are made to insure that the activities of the district are properly coordinated with the activities of units of general local government.<sup>13</sup>

In addition, special districts tend to make municipal annexation exceedingly difficult. Often persons directly associated with a special district actively oppose annexation, and once residents of a community have water, sewer, and fire protection services, they often see no need to support annexation.<sup>14</sup>

Finally, it should be pointed out that the number of special districts providing a given service in a metropolitan area is not an absolute indication of the degree to which a service is actually fragmented. Thus, San Diego County, with 22 sewerage districts, has only 1 main disposal system operated by the city of San Diego. Twenty-two districts pay an annual rental to the city for use of its facilities.<sup>15</sup> Of 57 water or water and sanitation districts in the Denver metropolitan area, 33 obtain their water supply from 4 municipal systems—24 of these from the city of Denver.<sup>16</sup>

<sup>12</sup> *Ibid.*, Temporary State Commission on Coordination of State Activities, pp. 541-542, and Bollens, pp. 90-92.

<sup>13</sup> *Ibid.*, Bollens, pp. 46-94, and Advisory Commission on Intergovernmental Relations, *Governmental Structure, Organization, and Planning in Metropolitan Areas* (Washington, 1961), pp. 26-30.

<sup>14</sup> *Ibid.*, Scott and Corzine, pp. 7-8.

<sup>15</sup> Samuel E. Wood and Alfred E. Heller, *The Phantom Cities of California* (Sacramento: California Tomorrow, 1963), p. 34.

<sup>16</sup> *Ibid.*, League of Women Voters of Colorado, *Cooperation or Confusion? Part II. The Urban and Metropolitan Problem in Colorado* (Denver, 1961), pp. 20-21.

In some instances an existing unit of general government actually has encouraged the creation of special districts. In 1940 the City Council of Eugene, Oreg., announced that it would provide fire protection only to those suburban areas within "regularly organized fire districts." This was done so the city might enter into a contract with the district to guarantee certain payments for the services rendered.<sup>17</sup>

## B. Relations With State Government

The nature of the relationship of special districts to State government is, of course, largely determined by State law. But in most instances only certain types of districts have operational relations with the State government and the nature of these relations differs significantly from State to State. Such districts include hospital, sewerage, park and recreation, all natural resource districts, and, to some extent, water supply districts. The relations are based on the degree to which the State has assumed responsibility for overseeing how functions undertaken by the district are performed or the degree to which it has assumed an operational responsibility in the particular functional area.

States have long been active in the park and recreation field. Hospital districts, to the extent that they receive Federal funds for construction, must be established in accordance with a statewide plan for hospital services. The State's overriding responsibility for water pollution control requires a certain degree of supervision over the activities of sewerage districts. In point of fact, the need for meeting State pollution control standards has probably contributed to the creation of some sewerage districts.

<sup>17</sup> *Ibid.*, Bureau of Municipal Research and Service, *Problems of the Urban Fringe: Eugene-Springfield Area*, Prepared for the Legislative Interim Committee on Local Government (University of Oregon, 1956), pp. 30-31.

Soil conservation programs are sometimes administered through State agencies, and in some instances they receive revenues from a State agency. Drainage, irrigation, flood control, and some water supply districts are intimately connected with State programs for the development of natural resources, particularly water resources.

Despite these facts, and despite the fact that statutes often give an appropriate State agency some review authority over activities of certain types of special districts, there is often no effective means available for the State to insure that district activities are in accordance with overall State requirements. Obviously, there are exceptions to this generalization. If capital facilities of hospital districts are to receive Federal funds, they must be constructed in accordance with an appropriate State plan. Similarly, in a State such as Pennsylvania, where sewerage districts are eligible to receive State grants for capital construction purposes, they must meet the basic regulatory standards of the State if they are to make use of such grants. Natural resource districts particularly drainage, irrigation, flood control, and some water supply districts, pose the most difficult problems for State-district relations. They are related to the efforts of States to develop plans for the overall development and utilization of water and related natural resources. In order to insure that such plans are effectively implemented, an appropriate State agency must be in a position to insure that district activities are in accord with State plans.

These problems are well pointed up in several State studies. A Louisiana study cites a State department of public works' report as follows: "It is well to note that prior to the statewide drainage program, drainage was carried on through more than 300 small drainage districts. It is impractical and well-nigh impossible to perfect a

drainage program on this basis."<sup>18</sup> Louisiana attempted to resolve this problem by insuring a close relationship between levee and drainage districts and the State department of public works, as well as the Federal Government. A representative of the department of public works is required to attend district board meetings and advise the board as to the location, construction, and repair of all levees in the district.<sup>19</sup> A League of Women Voters' study in Texas notes that while districts must obtain approval from the State for their bond issues and engineering plans, "The only factors considered by these agencies (Attorney General, State Comptroller, Texas Water Commission) are the technical, engineering, and legal aspects; and after the plans and bonds are approved, there is no supervision of the actual construction to insure that it is in accordance with the approved plan."<sup>20</sup>

A 1961 study of Kansas watershed districts indicated the existence of 33 such districts and 17 in the process of being organized.<sup>21</sup> After noting that the 50 existing or proposed districts constitute only 11 percent of the total acreage in the State, the report says: "Projecting into the future . . . it is not inconceivable that the number of watershed districts in the state could someday exceed 400."<sup>22</sup>

The report goes on to raise the following question, among others: ". . . will these districts, as units of government, be able to overcome the difficulties inherent in coordinating the programs of so many districts (50 at present, a potential of approximately

<sup>18</sup> Emmett Asseff, *Special Districts in Louisiana* (Louisiana State University: Bureau of Government Research, 1951), p. 41.

<sup>19</sup> For general discussion, see *ibid.*, Asseff, pp. 33-42.

<sup>20</sup> League of Women Voters of Texas, *A Guide to Understanding State-Local Relations* (1962), pp. 18-19.

<sup>21</sup> Charles A. Sullivant, *The Kansas Watershed District* (University of Kansas: Government Research Center, A Citizen's Pamphlet, No. 27, 1961).

<sup>22</sup> *Ibid.*, p. 22.

400) in terms of a coherent State water and soil development program?"<sup>23</sup>

The need for States to assert strong leadership if water resource development is to be truly effective is highlighted by such situations as the following:

. . . the Brazos River Authority [in Texas] covers approximately one-sixth of the state . . . [in which] 97 separate water districts and authorities have been created by special act or by general law to deal with problems in the Brazos River watershed. However, the plans of subordinate districts, as well as the activities of participating federal agencies, must conform with the master plans of the Brazos River Authority.<sup>24</sup>

The Texas situation, contrasted to the Kansas situation, indicates the degree to which the State can (*and should*) insure effective integration of the activities of certain types of special districts with overall State needs.

#### C. Relations With the Federal Government

Special districts of all specific functional types, except fire, health, and cemetery districts, have relationships with the Federal Government. Most districts concerned with natural resource, housing and urban renewal, hospital, library, airport, sewerage, disposal and park and recreation functions are eligible to receive Federal grant funds, and, aside from grant programs, Federal operational or regulatory programs affect a number of these functions. In the natural resource field the activities of natural resource and water supply districts touch most closely on the operational programs of the Federal Government and this is an area where close coordination of Federal, State, and district activities is clearly required. Problems associated with these activities almost always extend beyond the boundaries of a single special district or units of general local government. If such problems are to

be resolved effectively, statewide, and, in some instances Federal-State, coordination, and perhaps operating programs, will be necessary. State efforts in these fields were mentioned previously. Regional efforts have been going on for some time with varying degrees of success. Special districts, such as the Delaware River Basin Commission,<sup>25</sup> and the river basin commissions which would be authorized under the proposed Water Resources Planning Act,<sup>26</sup> are indicative of some current efforts to meet these problems.

#### D. Relations With Other Districts

Relationships among special districts, while perhaps not as significant from an intergovernmental point of view as relationships between districts and general government, nevertheless raise certain questions which require careful analysis. The major facet of these relations relates to multiplicity of districts of the same type within a small territory. To the extent that such districts operate in a field where a State or the Federal Government has a basic responsibility, factors here involved already have been discussed. Instances of district-to-district relations are clearly evident in functions such as fire protection, water supply, and sewerage disposal. In one community the problem was described as follows:

An example of this can be seen in the fact that in the unincorporated area there are 26 fire districts. Location of fire stations, for instance, is often determined on the basis of service within the political boundaries of the district, with little or no attention given to service to other areas adjacent to the district, but located in other fire districts. No possibility for automatic distribution of equipment between districts exists so that in districts where rapid urbanization is taking place rural-type equipment becomes surplus, rather than being shifted to rural areas to another district. Such logical dis-

<sup>23</sup> *Ibid.*, p. 25.

<sup>24</sup> *Ibid.*, Thrombley, p. 51.

<sup>25</sup> Public Law 87-328, 75 Stat. 688.

<sup>26</sup> Senate bill S. 1111, 88th Cong.

tribution would be possible if there were a county-wide fire department.<sup>27</sup>

Similar situations exist in unincorporated areas of many standard metropolitan statistical areas. The adverse consequences of the multiplicity of special districts of a given type often is reduced because many contract for services within an incorporated municipality or with other districts. Examples of the former already have been mentioned. An example of the latter is indicated by the fact that in 1955 the Eugene Water and Electric Board (a special district) sold 25 percent of its water to water districts in unincorporated areas of the community.<sup>28</sup> Finally, special districts of the same type inhibit efforts of district consolidation or annexation which would provide more effective and more efficient service to the whole area.<sup>29</sup>

A second type of interdistrict relations concerns functions performed by two or more different types of districts. Water supply and sewage disposal are closely related and, in fact, often performed by a multifunction single district. Where the services are not performed by a single district, problems of coordination often develop. While there is probably a greater degree of coterminous overlapping of individual water and sewerage districts, this is not the case between water supply and fire protection districts. Obviously, adequate fire protection cannot be furnished without the ready availability of adequate water.

<sup>27</sup> Letter from Christensen, Information Officer, Sacramento County, September 1962, quoted in *ibid.*, Scott and Corzine, pp. 16-17.

<sup>28</sup> *Ibid.*, Bureau of Municipal Research and Service, p. 43.

<sup>29</sup> League of Women Voters of Colorado, *Cooperation or Confusion? Local Government in Colorado* (1960), and *ibid.*, Pock, pp. 160-184.

## E. Financial Relations

The importance of financial relationships between special districts and units of general government has been stated as follows:

Special districts do not create new sources of revenue. Their financial support is drawn from the same fiscal reservoir which supplies other local governments. This reservoir is not inexhaustible; the more governments that come to rely upon it, the more competition there is for what revenue is available. The net effect is the loss of financial flexibility for all local governments.<sup>30</sup>

In some instances individual property owners may well be subject to property taxes by two or more governmental units for the same service.<sup>31</sup> Admittedly, this situation is rare, but it does occur. The extent to which special districts and units of general government compete for the same revenue source, of course, varies significantly from State to State and among the various types of districts. The most obvious clash of interest exists where districts are authorized to levy property taxes or special assessments. This conflict becomes sharpest in those States where property tax limitations apply to overlapping governmental units. Of course, competition for revenues among governmental units and functions always exists. However, the governing body of a unit of general government must consider priorities among competing demands, while the governing body of a special district usually can ignore such considerations.

Special districts financed from user charges present two additional types of financial problems which must be considered. The first, noted earlier, is the degree to

<sup>30</sup> *Ibid.*, Folmar, p. 84. See also Wyoming Taxpayers Association, *Special District Government—With Particular Reference to Wyoming* (Cheyenne: 1955), p. 11.

<sup>31</sup> *Municipal Annexation in Oregon: The Law and Practice of Annexation and Its Effect on Special Districts*; Legal Bulletin No. 11 (Bureau of Municipal Research, University of Oregon, 1962), p. 10.

which such charges are subject to regulatory review by an appropriate State agency. The second relates to a recognition of the fact that States and general local governments are constantly looking for new sources of revenue. User charges, in some instances perhaps, might be a valid revenue source for other functions of government if the service performed by the district were undertaken by general government. Such possibilities have been brought to public attention recently when the State of New Jersey was considering applying user charge revenues of the New Jersey Turnpike Authority (not classified as a special district by the Bureau of the Census) for general State purposes.<sup>22</sup>

Many special districts receive revenue in excess of expenses. In some instances these revenues are carried as "net income" in statements of financial activities of such districts.<sup>23</sup> While the question of whether such user charge facilities should be used to finance other functions of government is open to political and economic dispute, if they are not to be so used, there appears to be no valid reason why user charges should produce revenues significantly in excess of costs incurred by the special district.

#### F. Reporting of Special District Activities

Chapter I noted that special districts have been called "a dark continent" of American government despite the fact that all special districts are created pursuant to the wishes and desires of the people. Elsewhere in the report, it is noted that the public generally pays little attention to the activities of special districts once they have been created. Perhaps the most important reasons for this

situation is that special districts, once created, usually are free to go their own way.

The State follows a policy of creating these districts and then ignoring them. It maintains no record of their operations and finances and requires no reports that would permit such a record. Presently they form blind spots in the information that the State needs to plan adequate services for its decentralizing population, secure better equalization of tax burdens, and work for rehabilitation of the economy.<sup>24</sup>

The above reference to the Rhode Island situation is by no means unique. A Kentucky report says: "Other local taxing districts may be created for special purposes, such as flood control or the erection and maintenance of tubercular sanitarium. However, it is almost impossible to secure a complete list of them, and those for which rate data are shown constitute only a small fraction of the total in existence."<sup>25</sup>

A report of the Colorado Legislative Council describes its efforts to secure information on special districts in order to develop a report to the Colorado General Assembly as follows:

The first step in the study was an attempt to compile a complete inventory of existing special districts. This proved to be a formidable task since there is no one place where special district information is collected. The assessed valuations, tax rates, and budgets of all special districts are supposed to be filed by the special districts with the State Tax Commission, but this is not always done. Members of the Tax Commission staff felt that the reporting to them was incomplete. There is also a statute which requires irrigation districts to file annual reports with the State Irrigation Commission, but this requirement is largely ignored.<sup>26</sup>

Attempting to get complete information, the Legislative Council then sent question-

<sup>22</sup> *Ibid.*, Bird, p. 30.

<sup>23</sup> Department of Revenue, *Kentucky Property Taxes*, 1962 (Frankfort, Ky.: 1962), p. 6. See also *ibid.*, Wyoming Taxpayers Association, p. 10.

<sup>24</sup> Legislative Council, *Special Districts—Report to the Colorado General Assembly*, Research Publication No. 16, 1955, pp. i-ii.

<sup>25</sup> *Weekly Bond Buyer*, Feb. 10, 1964, p. 5.

<sup>26</sup> Pennsylvania Department of Internal Affairs, *Statistics for Water Utilities Including Water Authorities in Pennsylvania, 1962* (Harrisburg: 1963), on p. 5 indicates "net income" of 232 municipal water authorities as \$8.9 million in 1962.

naires to county assessors in each county of the State and reported: "In many cases, however, the assessor's office did not have available to it the data with which to complete the questionnaire."<sup>37</sup>

The Colorado example of a State's inability to secure special district compliance with statutes requiring reporting of certain information is by no means unique. A New Mexico study, after citing various statutes enacted since 1947, requiring a State agency review of special district budgets, reports: "Efforts by the local government division to enforce these provisions are either blandly ignored or openly contested."<sup>38</sup> "In no case has the State exercised any function of approval over special district bonds despite the fact that there has been a law on the statute books for many years creating a special board to do just that."<sup>39</sup> Summing up the New Mexico situation, the report says:

Much of the detailed information of the operations of the special districts is available only at the local level, where a field study of each district is demanded to provide the data necessary for a comprehensive analysis of the districts' full impact on state and local government. Time and fiscal limitations have restricted this study to the state level.<sup>40</sup>

<sup>37</sup> *Ibid.*, p. 11.

<sup>38</sup> *Ibid.*, Folmar, p. 79.

<sup>39</sup> *Ibid.*, p. 70.

<sup>40</sup> *Ibid.*, p. 3.

Some States, such as Pennsylvania and California, have been highly successful in at least insuring that pertinent special district financial information is reported to an appropriate State agency and that compilations of such data are made available to the general public. Certainly, there can be little justification for the limited information generally available concerning special district activities. Units of general local government, such as cities, counties, and towns which are much more visible to the general public and whose governing bodies must receive periodic public support, are governed by a wealth of detailed statutory requirements. Such requirements insure that their tasks are performed efficiently and responsibly and that the general public has available to it the information necessary to evaluate performance of assigned responsibilities. Certainly, less should not be asked of special districts which generally are not required to comply with State imposed personnel, purchasing, and financial procedures, and where, often, their governing bodies are not directly responsible to the people. It would seem axiomatic that the State and units of general local government should at least know of the existence of special districts and should receive certain basic information relating to their activities.

## Chapter VII

### FACTORS INFLUENCING CREATION OF SPECIAL DISTRICTS

Obviously numerous factors affect the political response of people of various areas of the country to different governmental problems. The potential for variation is heightened by the fact that the basic political framework within which governmental problems are resolved is determined by 50 "sovereign" States and the National Government. In this light, it is not surprising that numerous factors have been postulated as influencing the creation of special districts.

Clear analysis of these factors often encounters difficulty in distinguishing between fact and fiction, or reason and rationalization. Often, fact or reason in a given situation shade into fiction or rationalization when generalizations are made. Circumvention of debt limitations for creation of a water district may be a fact in some situations, but when a unit of general local government is authorized to issue debt, not chargeable against a constitutional or statutory debt limit, to construct and operate user charge facilities, this fact becomes a fiction. Similarly, removal of politics from decisions relating to a given service may, in some situations, be a valid reason for creating a district. However, so long as powerful community interests are concerned with where, and when, sewer lines are extended to an undeveloped area or an urban renewal project is located, this factor becomes a rationalization—political decisions remain political decisions whether made by a unit of general government or a special district.

The discussion of each influencing factor is made in the context of those situations where they would be fact rather than fiction and reason rather than rationalization. An objective analysis of the various influencing factors on a national basis reveals that fiction and rationalization dominate in many, if not in most, instances where a single factor can be quantified; i.e., debt and tax limitations, limitations on the power of local government, and removal from politics. This does not mean that these are not influencing factors despite their lack of nationwide application.

A 1956 study of public authorities in New York State listed the following factors as influencing their creation:

#### *Financial Reasons*

- (1) To finance public improvements without resort to additional taxes;
- (2) To finance improvements through charges upon the users thereof instead of upon the general taxpaying public;
- (3) To finance improvements without conflict with constitutional debt limitations;
- (4) To secure additional revenues and greater financial autonomy for certain activities of regular State agencies;
- (5) To take advantage of Federal loans and grants;
- (6) To finance improvements through revenue bonds without earmarking taxes;
- (7) To facilitate the financing of enterprises taken over from private ownership.

#### *Jurisdictional Reasons*

#### *Administrative Reasons*

- (1) To remove the administration of enterprises from direct control by politically responsible officials;

- (2) To provide a more flexible administrative instrument to manage a commercial-type public enterprise;
- (3) To facilitate the transmission from private to public operation of enterprises.<sup>1</sup>

The New York study group's list is by no means exclusive. Other studies include most of those noted here, as well as some additions.<sup>2</sup> The following analysis examines various factors which tend to induce resort to special districts. Careful attention must be given to the political climate in a particular community, as well as the legal basis on which governments operate in a given State, in attempting to evaluate the impact of any of these factors. In evaluating the importance of a single factor or group of factors, it is well to bear in mind the comment of Charles R. Adrian: "The pattern of use for the special district is a strange one, however, seeming to depend on local customs and perhaps the accident of the gradual accumulation of rigid constitutional and statutory restrictions controlling general governments and discouraging the use of existing units for newer services."<sup>3</sup>

#### A. Financial Reasons

Financial factors which tend to encourage creation of special districts fall into three broad categories: (1) debt and tax limitations on State and local government; (2) financing services through service or user charges as opposed to general tax revenues; and (3) the broader financial base which may be available to support a particular service by resort to a special district.

An Illinois study cites the following, among other reasons, as influencing the creation of special districts in Illinois: ". . . to equalize the tax burden, others have been

set up in order to permit borrowing or imposition of tax levies beyond constitutional or statutory limits already reached."<sup>4</sup> While debt and tax limitations on local government both tend to encourage the creation of special districts, their impact on the type of district encouraged differs widely.

Debt limitations tend to encourage the creation of districts which require large capital expenditures, since most units of local government are not in a position to finance the construction of large capital projects out of current tax revenues. This is particularly important where the service provided can be financed through use of service charges without an increase in tax rates. The service-charge concept can be readily applied by sewer and water supply, utility, and other districts requiring substantial capital expenditures in excess of prevailing debt limits.

The impact of debt limitations on the activities of local government has been diminished markedly in recent years because of two considerations. First, an increasing number of States have authorized indebtedness outside constitutional and statutory debt limits for "revenue producing operations."<sup>5</sup> Second, the continued increase in property values, accompanied by efforts to relate assessed valuation more closely to market value, has given local government greater leeway to incur debt.

Tax rate limitations on local government have a particular impact on those types of services where operating costs are relatively high. However, as was noted earlier, there appears to be no relation between property tax limitations and the incidence of special districts.<sup>6</sup>

<sup>1</sup> *Ibid.*, Temporary State Commission on Coordination of State Activities, index, p. xxi.

<sup>2</sup> *Ibid.*, Bollens, pp. 5-15; *ibid.*, Thrombley, pp. 12-18; *ibid.*, Asseff, pp. 3-7; and *ibid.*, Folmar, pp. 9-12.

<sup>3</sup> Charles R. Adrian, *State and Local Governments* (McGraw-Hill Book Co., 1960), p. 231.

<sup>4</sup> *Ibid.*, Snider, Steiner, and Langdon, p. 8. The report goes on to note that statutes authorize counties to create forest preserve districts coterminous with the county when the 75-cent tax rate limit is reached in a particular county.

<sup>5</sup> See ch. IV p. 32.

<sup>6</sup> See ch. IV, pp. 31-32.

In its report on strengthening the property tax, this Commission pointed out that 88 percent of local tax revenues are derived from the property tax, which, of course, traditionally has been the principal source of revenue for local government. Considering the services rendered by local governments, and how the services have expanded in the past 20 years, it is not surprising that local political leaders and citizens would seek additional means for financing local governmental services. A logical place to start is with operations which can be financed through service charges.

Service charge financing has considerable appeal, particularly where the administrative entity undertaking the function can be completely divorced from the general government structure. First, it provides a type of insurance for the property owner that his tax rate will not be affected by expenditures for the service involved. Second, it permits the unit of general local government to disregard the particular service in its regular budget and in fixing the tax rates to finance it. Finally, it often removes the operation of the service and its justification from various State budgetary reviews.<sup>7</sup>

#### **B. Limitations on Powers of Local Government and the Need for Services**

Three general types of limitations on the powers of local government have been discussed in chapter V, because it was thought the incidence of special districts might be related to such limitations. These limitations were: (1) strict construction of powers granted local government; (2) inability of local governments to establish differential taxing areas within their boundaries; and (3) lack of authority for local governments

<sup>7</sup> See, for example, Oregon Ch. 576, Session Laws, 1963, which establishes standards and procedures for preparation in administration of budgets of cities, counties, and schools for port districts.

to contract with each other or to undertake joint responsibility for providing services.

While it has not been possible to isolate the effect of such restrictions on the incidence of special districts, it is generally agreed that they have contributed to creation of the districts. Other restrictions which tend to encourage the use of districts include inadequate authority for consolidation of existing units of government, difficult procedures for municipal annexation, inadequate authority for county government to perform service-type functions, and limited authority for transfer of functions between units of government.<sup>8</sup>

In essence, these restrictions are impediments to local action where the need for a particular service does not coincide with the territorial limits of individual units of government. The logical geographic service area for water supply, sewerage disposal and transportation in metropolitan areas encompasses several units of general local government, just as flood control and drainage do in rural areas. In such cases the most effective and economical way of providing the service would be to follow geographic rather than political boundaries. Use of a special district permits such a functional service area to be defined, usually by interested parties, without regard to the boundaries of existing units of general government. Similarly, other services such as regional park facilities or a public hospital generally benefit residents of an area much broader than an individual unit of general local government.

The need for a given service in a community where the unit of general local government is not equipped to perform it affects urban and rural communities equally, though the reasons therefor may be dif-

<sup>8</sup> See Advisory Commission on Intergovernmental Relations, *Government Structure, Organization, and Planning in Metropolitan Areas* (1961), pp. 19-31.

ferent. For example, residents of a small community in a large county want fire protection services. The homesites have wells and septic tanks, as well as other utilities, and there is consequently no need to incorporate into a municipality. However, the county is unable to provide fire protection because it does not have the legal authority or because it cannot establish subordinate taxing areas. In this situation the only recourse the residents may have is to create a fire district. Thus, a Wyoming study reported that: "In Wyoming most of the special districts formed and operated have functioned primarily for the benefit of farmers and ranchers in a capacity which established governmental units were not always prepared to perform, with the cost being borne by those receiving the benefits in most instances."<sup>9</sup>

In the fringe areas of urban communities, the need for services comes irregularly. Residents normally will want streets, sewerage disposal, water supply, and fire protection at different periods in the evolution of the neighborhood. The difference in timing discourages thoughts of annexation to the core city or of incorporation. Where the county is not equipped or authorized to provide the particular type of service within the community, the only recourse may be the creation of a district.

In many instances the requirements for county provision of a service or for annexation are more restrictive than for the creation of a special district. In Oregon, the county is authorized to provide streets for a given area upon petition of 70 percent of the property owners on the street. Only a majority vote is necessary at a special district election to create a highway or street lighting district to provide similar service.<sup>10</sup>

<sup>9</sup> *Ibid.*, Wyoming Taxpayers Association, p. 10.

<sup>10</sup> *Ibid.*, Bureau of Municipal Research and Service, p. 15.

### C. Limitations Imposed by Existing Boundaries of Local Government

Limitations imposed by existing boundaries of units of general local government relate closely to restrictions on local government power, but are an independent influencing factor. Two types of boundary situations exist which influence the creation of special districts. The first is where numerous units of general local government exist within the service area which is necessary for the efficient and effective management of the particular function. Second is the problem created where the geographic features of the area dictate the territorial scope for the function. Geographic or efficient service area requirements pay no heed to the territorial boundaries of existing units of general government. As to the effect of boundary limitations in metropolitan areas, Pock says: "It can hardly be denied that metropolitan districts, by their ability to straddle boundary lines, have been successful in bringing about a horizontal integration of certain urban functions with which they have been entrusted."<sup>11</sup> A recent article discussing use of interstate urban agencies says: "But, platitudes or no, air pollution and similar problems do not stop at county or state lines, and some political arrangements are going to have to be made to cope with this fact."<sup>12</sup>

The Illinois study cites one typical example of a functional problem that cuts across jurisdictional lines. The impact of this factor on the administration of some 15 urban functions is discussed at length in a recent Commission report.<sup>13</sup>

<sup>11</sup> *Ibid.*, Pock, p. 79.

<sup>12</sup> Samuel K. Gove and Louis Silverman, "Political Representation and Interstate Urban Agencies," *Illinois Government*, No. 17 (Institute of Government and Public Affairs: June 1963), p. 1.

<sup>13</sup> Advisory Commission on Intergovernmental Relations, *Performance of Urban Functions: Local and Area-wide* (1963).

#### D. Political Factors

Where a city is surrounded by small incorporated areas or by unincorporated areas in which a number of special districts already exist, and the county is unable or unwilling to assume the responsibility for providing a service, the alternatives available to the residents of the community are a special district or major changes in the structure of government.<sup>14</sup> In such situations it is normally easier to create the special district. In many areas of the country, the appropriate unit of general local government has the authority either, as a county, to assume the responsibility for providing the particular service needed, or, as a municipality, to extend its territorial boundaries to include those portions of its suburbs that need urban services. Despite the existence of this power, all too often the political forces concerned are unwilling to assume the responsibility. Thus, an Illinois study concludes:

The multiplicity of local units of government and Illinois' large variety of special districts cut significantly into the service powers required by Illinois cities and villages. The local governments concerned with services which are not provided by cities and villages (e.g., school districts, park districts, sanitary districts) will not benefit from an expansion of city and village home-rule powers. The cities and villages themselves do not now appear to be anxious for an expansion of powers in the service field, although we firmly oppose any lessening of such powers.<sup>15</sup>

This is a stinging indictment of community attitudes as reflected by the existing local government power structure in all too many States and localities.

<sup>14</sup> *Ibid.*, Bollens, pp. 11-12.

<sup>15</sup> Illinois Municipal League, Committee on Home Rule, "The Home Rule Experience," *Illinois Local Government*, ed., Lois M. Pelekoudas (University of Illinois, Institute of Government Affairs, 1961), p. 55. See also *ibid.*, Bollens, pp. 9-10.

Fundamental changes in the jurisdictional lines of existing units of local government obviously have political ramifications. Similarly, if a unit of government is not performing a given service for its residents, the undertaking of that service will require additional revenues which might incur the displeasure of the residents of the community. Both of these politically undesirable alternatives are avoided when it is possible to create a special district. For example, an Oregon study refers to the creation of a recreation district which included the city of Springfield, as well as outlying portions of the community. The political forces in Springfield were extremely interested in creating a special district because it would include a large industrial complex which would be subject to the recreation district tax. An earlier attempt to annex the area had failed.<sup>16</sup>

#### E. Business Management—"No Politics"

A number of functions performed by government today were performed by private enterprise at one time. While special districts were utilized before government assumed responsibility for a number of them (e.g., housing, hospital, transportation, and water supply), many of the recently added functions are ones for which service charges are easily determined and easy to justify.

It is unnecessary to explore the reasons why governments assume such functions. It need only be pointed out that once it is determined to finance a service through user charges, many felt that the service should be self-supporting. The next logical step was to divorce the service, more or less completely, from the political structure of the community.

It is argued that the service, if it is to be self-supporting, must be conducted in a busi-

<sup>16</sup> *Ibid.*, Bureau of Municipal Research and Service, p. 76.

nesslike manner. The agency providing it must be able to draw from the "upper executive echelons" not available to general government because, among other things, "the functioning of the authority is not hampered by the detailed and often ridiculous statutory restrictions that bind regular municipal officials."<sup>17</sup> This theme is repeated over and over in the literature. Thus, in a report to the Governors' Conference, it was said: ". . . the need to secure personnel competent in administration of a 'business type' of organization and the somewhat inflexible nature of a civil service system, emphasize the desirability of a like autonomy in personnel administration."<sup>18</sup>

A logical continuation of such arguments is that responsibility for the function should be removed from politics. If this is not done, political influence will play too big a role in providing the service and individuals will not share equally the benefits of the particular service. The Department of Internal Affairs of the State of Pennsylvania, in a study of municipal authorities in that State, noted:

While it is true that municipalities can and do impose user charges, . . . . An Authority is in a good position to impose user charges because of its freedom from popular political pressure and the absence of a "loyal opposition" tradition. Then, too, people may accept Authority tolls more readily than a service charge or fee imposed by a municipality. The idea that government services should be free; that is, tax supported, is strongly ingrained. Consequently, an Authority may be a device which achieves user cost financing when it is politically impossible for a municipality to do so.<sup>19</sup>

<sup>17</sup> Harold F. Alderfer, *American Local Government and Administration* (New York: Macmillan Co., 1956), p. 370. For example, resident requirements for officers and employees of city governments. See A Report of the Municipal Manpower Commission, *Governmental Manpower for Tomorrow's Cities* (New York: McGraw-Hill Book Co., Inc., 1962).

<sup>18</sup> *Ibid.*, The Council of State Governments, p. 51.

<sup>19</sup> *Ibid.*, Pennsylvania Department of Internal Affairs, p. 8.

The argument for removal of the function from politics, particularly a function of local government, is of unique interest.<sup>20</sup> Since the start of the 20th century the city-manager movement has been an important factor influencing the organizational structure of local government.<sup>21</sup> In addition, most city governing bodies now are elected on a nonpartisan basis.<sup>22</sup> The movement to remove two-party politics from local government has undoubtedly strengthened the appeal of certain types of special districts in those communities where elected executives and partisan ballots have been retained and even where "politics have been removed" from the operation of local government.

#### F. Public Acceptance of Special Districts

Political leaders of a community often are not anxious to propose that general government assume the additional burden of providing a service. Experience has shown frequently that their judgment is correct where the voters, faced with a referendum to incur debt, or to provide an additional tax levy for an expanded service, have voted the proposition down. Yet, if an election were held to create a special district to undertake the function or service, the vote often would be in the affirmative. As stated in an Illinois study:

Frequently, the need for referendum approval of a new tax levy is the death knell of a critical service. Special district development has been something of

<sup>20</sup> This concept has also played an important role at the national level as applied to numerous activities and has often been a subject of great controversy.

<sup>21</sup> The most recent data indicate that 38.2 percent of 3,010 of the 3,053 cities having a population greater than 5,000, operated under the council-manager form of government. *The Municipal Year Book: 1963*, International City Managers' Association (Chicago: 1963), p. 160.

<sup>22</sup> The most recent data indicate that 63 percent of 2,970 of the 3,053 cities having a population greater than 5,000 elected their governing bodies on a nonpartisan basis. *The Municipal Year Book: 1963*, International City Managers' Association (Chicago: 1963), p. 163.

a soporific in that a rejected levy for city park purposes creates no excitement when it appears on the tax bill as a rate for park district purposes.<sup>23</sup>

Public acceptance of special districts is particularly high where the service to be performed is financed through user charges. Creation of the district permits the service to be provided without its appearing to be a specific burden on the taxpayer. Public acceptance also is influenced by the provisions of election laws pertaining to bonded indebtedness, property tax levies, and creation of special districts. Property ownership often is a qualification for voting in such elections. If the function is performed by a unit of general local government, whether service charges are used or not, the underlying support for the service would be the property taxpayers. The property owner may feel that by voting the service down as a service to be provided by the unit of general local government, he avoids a basic liability.

This rationale would not apply in considering special districts that are to be financed from property tax levies or special assessments. Here public acceptance may be based on the assumption that creating a special district to provide fire protection service, for example, may be the only alternative to incorporation or annexation and in most instances less expensive than such a solution. As Scott and Corzine said:

The creation of a district is often believed to be a less expensive way of obtaining service than incorporation as a municipality or annexation to an existing city. Thus there is a good deal less resistance to the creation of a special district than to municipal incorporation or annexation.<sup>24</sup>

#### G. Programs of Higher Levels of Government

Approximately half the special districts in the United States, as enumerated by the

Bureau of the Census, are operating in fields in which the Federal Government is active. Functions performed by special districts for which Federal grant programs are available include urban-type functions such as library, hospital, airport, parking, housing, and sewerage disposal. Federal programs also affect all the major natural resource districts—soil conservation, drainage, flood control, and irrigation. The impact of various Federal programs on the organization and activities of units of general local government in urban areas was the subject of a recent Commission report.<sup>25</sup>

Today, most Federal programs do not directly influence the creation of special districts. With some exceptions, Federal programs are not designed to encourage their creation. Generally, Federal grants are made available to the State or a local unit of general government for undertaking a particular function. However, there have been significant exceptions.

A report of the Council of State Governments to the Governors' Conference refers to a 1934 letter by President Roosevelt, addressed to the 48 Governors:

... suggesting that in formulating programs for the coming legislative sessions they might consider proposing legislation that would enable states and municipalities to participate more fully in federal public works. The President suggested two possible approaches: One was to enact legislation authorizing existing governmental agencies to issue revenue bonds to finance revenue-producing improvements; the other was the adoption of legislation providing for the creation of new public corporations empowered to exercise similar functions.

The Governors cooperated almost unanimously, and the result was the widespread enactment of revenue bond legislation. By 1951 all except seven states had some sort of authorizing statute. In addition many laws were passed establishing inde-

<sup>23</sup> *Ibid.*, Snider, Steiner, and Langdon, p. 15.

<sup>24</sup> *Ibid.*, Scott and Corzine, p. 10.

<sup>25</sup> Advisory Commission on Intergovernmental Relations, *Impact of Federal Urban Development Programs on Local Government Organization and Planning* (January 1964).

pendent Public Authorities. At least 19 states enacted statutes creating various Authorities for financing revenue-producing projects between 1933 and 1936.<sup>26</sup>

The present-day impact of Federal programs is more indirect and must be considered in combination with other influencing factors, principally the lack of authority of units of general local government to assume certain functional responsibilities, to enter into contracts with each other, or to participate in joint undertakings. For instance, Federal funds are available for construction of flood protection and water conservation facilities in small drainage basins.<sup>27</sup> Such drainage basins usually are within a portion of a county or within portions of two or more counties. Unless the county is authorized to undertake the function, the availability of Federal grant funds will provide a strong stimulant for the creation of special districts.

Use of special districts to obtain Federal funds under certain grant programs, such as the small watershed program, or the pollution control program, had origins in developments of the 1930's and 1940's. Prior use of special districts in rural areas, and authorities in urban areas, provided a structure which could readily be used to take advantage of the newer Federal programs. Problems associated with a particular program were not coterminous with existing government boundaries. Frequently, it appears to have been more expedient to create new districts or expand the functions of old ones than to attempt to resolve political questions associated with general government participation in the programs.

Finally, some programs, as provided in Federal law, were directed only to portions of the problem. The small watershed pro-

gram deals with "small watersheds not exceeding two hundred and fifty thousand acres"<sup>28</sup> and the original requirements of the pollution control program were directed toward small communities, regardless of the extent to which the community was an integrated portion of a larger area.<sup>29</sup> Such Federal programs, while permitting units of general local government to participate, define the problem in a way which may actually preclude such participation in many instances.

States, of course, have contributed to the birth of special districts by enacting enabling legislation which permits either an existing unit of general local government or residents within their territories to create special districts. It is apparent from the foregoing that criticism of such legislation cannot be directed solely at the State legislatures. But the State's responsibility is perhaps most apparent in instances where special acts have been utilized to create individual special districts and where they are resorted to because units of general local government lack authority to act.

#### H. Influence of Special-Interest Groups

Two types of special-interest groups influence the creation of special districts. One includes the professionals concerned with the function involved. Professionals may not be active workers in the particular field, but may be public-spirited citizens who are interested in a particular facet of governmental services. Citizens or professionals interested in public parks, for instance, may find it easier to secure the nec-

<sup>26</sup> Watershed Protection and Flood Prevention Act, Public Law 566, 83d Cong., 1954, sec. 2 (16 U.S.C. 1002).

<sup>27</sup> Federal Water Pollution Control Act of 1956, Public Law 660, 83d Cong., 1956, 70 Stat. 502. Limited the Federal share of construction costs to \$250,000 or 30 percent of the project cost, whichever was less. This was raised in 1961 to \$600,000 or 30 percent (Public Law 87-88, 33 U.S.C. 466e(b)).

<sup>28</sup> *Ibid.*, The Council of State Governments, pp. 26-27.

<sup>29</sup> Watershed Protection and Flood Control Act, Public Law 566, 83d Cong., 1954; 68 Stat. 666.

essary financial base to provide what they consider an adequate park system if a special district is created. Creation of a district removes park services from the vicissitudes of the everyday policymaking processes of government by which the allocation of resources among numerous functions is decided. Bollens says:

The desire for independence is a further reason for the creation of special districts. People and groups possessing a major interest in one function frequently resist having the function allocated to an established general government or even another special district.<sup>20</sup>

When a special district is created, particularly if it possesses the power to tax, it has access to financial resources that can be used for no other purpose. Frederick L. Bird, in his study of special districts in Rhode Island, said: ". . . , there tends to be considerable expediency and self-interest in the promotion of some special districts, and advocacy sometimes comes from specialists in individual government functions who are not specialists in general government organization and procedure."<sup>21</sup> Citizen groups probably are especially susceptible to the concept of special districts because of the way in which they function. In many instances the group will be most concerned with a particular service performed by government rather than with the governmental process as a whole. If they find inadequacies in performance of the service with which they are concerned, the logical recourse may be a special district.

The influence of the functional professional (specialist in a particular service area) probably is present in most programs where all three levels of government have a responsibility for the service involved. In such instances, the special district device permits the functional professional to bypass

the normal governmental processes of at least one, if not two or three, levels of government.

The second type of special-interest group influencing the use of special districts consists of various individuals and enterprises which stand to benefit economically not only from creation of a district but from its perpetuation. This group includes attorneys, bond counsels, equipment makers, engineers, public accountants, and others.<sup>22</sup> A Pennsylvania study of municipal authorities mentions architects, engineers, bond counsels, financial advisers, bank trustees, and certified public accountants as being closely connected with authorities early in their creation, and says:

These people are experts in their particular fields who devote a considerable amount of time and energy to the Authority's activities. Because of this, they are frequently very influential in Authority affairs, even though they do not have the legal right to make decisions.<sup>23</sup>

A study of the organization of water supply districts in the Portland, Oreg., area noted that most of the districts "obtain professional advice and assistance by retaining an engineer and an attorney, and a few districts have recently employed public accountants. Twenty-seven of the districts retain a total of seven local engineers. One of these engineers serves 13 districts, and another serves 7. Thirty districts retain 19 attorneys, . . . ."<sup>24</sup>

Similarly, private real estate developers may benefit from creation of a special district to finance construction of sewer or water mains. Such districts permit the cost of the improvements to be spread out over

<sup>20</sup> *Ibid.*, Bollens, pp. 14-15.

<sup>21</sup> *Ibid.*, Pennsylvania Department of Internal Affairs, pp. 12-13.

<sup>22</sup> *Organization for Water Distribution in the Portland Area*, Bureau of Municipal Research and Service, University of Oregon in cooperation with the League of Oregon Counties (February 1955), p. 33.

<sup>23</sup> *Ibid.*, Bollens, p. 10.

<sup>24</sup> *Ibid.*, Bird, p. 35.

the life of the bonds issued for construction of the improvements, rather than appearing as a factor in the actual selling price of a house. Since most special district legislation has no requirements for minimum population, area, etc., developers often can get them created in order to facilitate the sale of the houses they construct.<sup>35</sup>

The extent to which such interests have influenced the use of special districts is difficult to gauge. Probably they are not a prevailing influence where there is an alternative that is viewed favorably by the political leaders of a community. But, certainly in marginal situations, they might be able to tip the balance of public opinion in favor of a special district.

In some cases, a large industry in the community may be an interested party. The Eugene-Springfield study cites an example where a particular industry on the fringe of an incorporated city fought annexation to the city when this was considered as a means of solving a drainage problem. The only alternative to annexation apparently was the creation of a special district. The industry offered to pay 50 percent of the capital construction costs of the drainage facilities if annexation were defeated and a special district created.<sup>36</sup>

### I. Miscellaneous Factors

Several other factors bear on the use of some types of special districts. Fire districts provide an excellent example of a unique consideration. Historically, even in cities, fire protection was provided largely by volunteer companies. As this service was needed in nonmunicipal areas, the volunteer company was utilized. When it became

<sup>35</sup> Franklin M. Bridge, *Metro Denver: Mile-High Government* (Bureau of Municipal Research and Service, University of Colorado, 1963), pp. 40-41.

<sup>36</sup> *Ibid.*, Oregon Legislative Interim Committee on Local Government, p. 25.

necessary to establish a more proficient service, the history of the volunteers, as well as the community and social activities associated with them, contributed to the creation of many of the present fire districts.<sup>37</sup>

The Port of New York Authority provides another example of a special situation. The States of New York and New Jersey, after facing difficulties in dealing with certain problems of the New York metropolitan area, reached an agreement that was satisfactory to the respective States and their local communities. It was embodied in an interstate compact creating the Authority. The actual success of the Authority in dealing with some problems in the New York metropolitan area was itself a factor in the creation of a significant number of special districts and authorities, not only in the New York-New Jersey area but in other parts of the Nation.<sup>38</sup>

Historic reasons, somewhat different from those associated with fire districts, may play a part in the creation of certain types of special districts. Thus, the land grant district in New Mexico is a carryover of a structure which existed under the Spanish occupation of the territory.

### J. Interstate Compacts—A Special Case

Although the Bureau of the Census in its enumeration of special districts includes only 11 interstate compact agencies, chapter II indicates that there are many more such agencies today. Considerations influencing use of the interstate compact device are unique. In addition to the factors previously discussed, the basic nature of the federal system would seem to require creation of an interstate compact agency where the service area for a certain function crosses

<sup>37</sup> *Ibid.*, Alderfer, p. 530.

<sup>38</sup> *Ibid.*, The Council of State Governments, pp. 24-26.

State lines.<sup>39</sup> As noted earlier, metropolitan service areas and natural resource areas do not follow the boundaries of units of general local government nor do they follow State boundaries.

Some measure of the problem is indicated by the existing 30 interstate standard metropolitan statistical areas and the interstate nature of the Nation's rivers and streams. In such situations, often the only alternative to the Federal Government assuming a large degree of responsibility for problems in such areas is an agreement among the States involved. The States might enact identical legislation in an attempt to deal with such problems, but this approach has two drawbacks. First, the broad language of the Interstate Compact Clause of the Constitution might well require congressional consent to

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<sup>39</sup> See Richard H. Leach, "Interstate Authorities in the United States," 26 *Law and Contemp. Prob.* 666 (Autumn 1961), p. 668.

the arrangement.<sup>40</sup> Second, the problems involved usually are not transitory but require a permanent program of some kind. Concurrent legislation appears to be more susceptible to the whims of the moment, and, it is thought, does not provide the necessary basis for a long-term operating agency.

In summary, the reasons for special districts are many. What led to their creation, and what continues to give rise to more of them, often can be determined only by careful study of the community where they exist. It is clear that many of the influencing factors are interrelated and, perhaps most important, that State constitutional and statutory restrictions on the powers of local government not only provide an excuse for resorting to the district device but strengthen the appeal of its use.

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<sup>40</sup> Constitution of the United States, cl. 3., sec. 10, art. I. See *Virginia v. Tennessee*, 148 U.S. 503 (1893), and *ibid.*, Zimmerman and Wendell, pp. 1-7 and 40-49.

## Chapter VIII

### EVALUATION OF SPECIAL DISTRICTS AS A UNIT OF GOVERNMENT

The development of criteria against which the use or effectiveness of special districts may be evaluated depends to some extent on the way in which districts are viewed. For example, it is possible to develop criteria based on each of the factors which influence the creation of special districts in the context of the relative advantages or disadvantages of the district as related to each influencing factor.

If this approach were taken, one criterion might be: Is it possible to remove the function performed by the district from politics? However, such a criterion, while perhaps valid in a general discussion of whether a particular district should be created, is in itself not a legitimate criterion for evaluating special districts where one's concern is confined to the impact of special districts upon the form and structure of government. While a broad range of measurement would be of value, the criteria developed in this report are based primarily on the impact of various factors upon intergovernmental relations. This is only logical in light of the Commission's statutory responsibilities.

In applying the criteria, it should be borne in mind that the essential ingredient, before any influence is brought to bear for creating a district, is that the people of a community want a service. Admittedly, the desire for a particular service may be stimulated by an interest group, another level of government, or a variety of sources; but, generally speaking, no district is created

without the people first expressing a desire for a service that the district will perform.<sup>7</sup>

The Commission believes, of course, that government must be responsive to the needs and expressed desires of the people. Since the desire for a service has been, and is, the underlying reason for creating special districts, criteria for evaluating existing or proposed districts should not be directed toward eliminating the governmental service for which they were created. On the contrary, they should be directed toward the most effective means for meeting the need for services. Finally, the criteria should be usable for determining whether a district should be consolidated with other districts or dissolved and its functions assumed by an existing unit of general government.

#### A. Criteria for Evaluating Existing or Proposed Special Districts

##### 1. *Effective Performance of the Service Involved*

The first question that must be asked about a special district is whether it is an effective agency for providing the service involved. This question has three aspects. First, is the service itself susceptible of being handled by a district? Second, what is the relationship of the service area of the district

<sup>7</sup> There are exceptions to this generalization. See California Assembly Interim Committee on Municipal and County Government, *Transcript of Proceedings on Independent Special Districts Used in Land Development Situations* (Los Angeles: Sept. 24-5, 1962), and ch. VII.

to a logical service area for the particular function? Third, what is the degree to which the service involved relates to services performed by existing units of government?<sup>3</sup>

Effective performance depends on various things, such as the degree of technical skill required to perform the service, the nature of the demand for the service, and the financial and political resources of the community. Effective performance of a service is relatively easy to evaluate. For example, a hospital district should be large enough to support a competent medical staff consistent with the needs of the community. A library district should be large enough to permit utilization of a minimum number of books. Obviously, the criterion of "effectiveness" demands flexibility in its application. A satisfactory number of books for a large city library might overwhelm a rural or small suburban library. Similar flexibility is needed when evaluating other types of services.

Is the service area of the district appropriate for the service to be provided? This factor, as with the previous one, would not preclude resort to special districts in most instances. Its primary limitation would be in those situations where the proposed district would occupy only a portion of the logical service area for the particular function. A proposed sewerage district that would occupy only a portion of a drainage or sub-drainage basin would not be an appropriate area if there were need for sewerage disposal services in other portions of the sub-basin or basin. It is often extremely difficult to make this type of evaluation for those services that do not have to follow logical geographic boundaries.

<sup>3</sup> For analysis of the last 2 factors as applied to 15 government functions, see *ibid.*, Advisory Commission on Intergovernmental Relations, "Performance of Urban Functions."

The third aspect of effective performance of service is the extent to which the function undertaken by the district relies upon, or is integrated with, the activities of units of general government or the activities of other special districts. Special districts developing port facilities or undertaking housing and urban renewal functions rely heavily on the services of other units of government. Such functions require close coordination with functions such as fire and police protection, transportation facilities, schools, and public health service, responsibilities of other units of government. Similarly, activities of natural resource and water supply districts impinge on statewide resource development programs. Where district activities are closely related to the activities of existing units of general government, and where the nature of the service does not dictate that it occupy a jurisdictional area other than one of an existing unit of general local government, the justification for creation of a district wanes considerably.

## 2. *Economy in Providing the Service*

The economic criterion against which special districts must be evaluated consists of two factors. The first relates to the basic operations of the district, and the second relates to the extent to which district activities are integrated with the activities of other units of government in the area within which the district operates. In its report entitled "Performance of Urban Functions: Local and Area-wide," the Commission discussed the first factor at length.<sup>4</sup> In essence, such considerations are designed to see that "economies of scale" are available to the unit of government providing the service. An example of its application is cited in a recent Colorado study. In discussing sewerage facilities, it said:

<sup>4</sup> *Ibid.*, pp. 42-50.

The cost of operating existing small plants providing inadequate treatment is far higher than it would be for a large system of consolidated treatment plants. The average operating cost to an individual family in the small districts is estimated at \$40 per year. Comparatively, the actual cost of operating large-scale plants is only one-quarter to one-third the cost of operating a small plant. A professional engineering feasibility study in 1957 showed a *per capita* cost of treatment ranging from 70¢ to \$3.50 a year.<sup>5</sup>

Naturally, a small district providing an individual service may be operated in a highly efficient manner despite the fact that the per capita cost of providing the service is extremely high. This suggests alternate ways in which economic efficiency of a district might be evaluated. One would be to determine whether the district, considering its size and the service rendered, is providing the service economically. The second alternative would relate the economy and efficiency of providing the service by single small districts or by multiple districts to the cost of providing the service by a single unit covering the whole community. The economy of scale factor often suggests large special districts.

A second economy factor relates to the degree to which administrative or management type functions are duplicated within the same area. A New Mexico special district study says:

Their insistence upon independent operation forfeits the benefits of modern administrative techniques such as centralized purchasing, proper budgeting practices and intelligent personnel management.<sup>6</sup>

A Pennsylvania report says:

The gains attributed to Authorities in this field have been obtained at the cost of an increase in top echelon personnel. A school Authority board plus

<sup>5</sup> *Ibid.*, League of Women Voters of Colorado, "Part II," p. 22.

<sup>6</sup> *Ibid.*, Folmar, p. 86.

a solicitor and other advisers exist in addition to the regularly elected school board and its staff.<sup>7</sup>

Scott and Corzine point out inefficiency in election matters when they note that in the San Francisco Bay area, despite the multiplicity of overlapping districts, elections for fire, sanitary, water, and public utility districts are held at different times.<sup>8</sup>

A final example of the type of inefficiency and duplicated cost relates to those districts having authority to levy property taxes or special assessments. In Connecticut, district taxes are levied at times different from the levy date for town taxes and districts within the same town normally collect their taxes on different dates.<sup>9</sup> While the Connecticut practice gives the residents of the community a better opportunity to know the effective tax rates of special districts, it involves significant added costs which could be eliminated if a unit of general local government provided the tax billing service for the district and mailed all tax bills at the same time.

Finally, the economy factor requires consideration of the cost at which districts can borrow money for capital construction. The impact here is generally in terms of revenue bond financing, contrasted with general obligation bond financing.<sup>10</sup> Revenue bond financing, which must be used by some districts, is more costly than general obligation bond financing. But while most large districts rely on revenue bond financing to obtain funds for capital construction, units of general government also use such financing to a great extent. In addition, the multiplicity of bond offerings in a given community due to the existence of numerous

<sup>7</sup> *Ibid.*, Pennsylvania Department of Internal Affairs, p. 28.

<sup>8</sup> *Ibid.*, Scott and Corzine, p. 2.

<sup>9</sup> *Information Relative to the Assessment and Collection of Taxes, 1961*, Pub. Doc. 48, Taxation Doc. 343, State of Connecticut, 1962, pp. 87-117.

<sup>10</sup> For general discussion, see ch. V, pp. 50-51.

districts can increase administrative costs and often result in higher total interest charges.

### 3. *Political Responsiveness*

Political responsiveness of special districts is a criterion which may be measured in two ways. First, the degree to which the citizens of the district participate in its affairs; and second, the extent to which a district fulfills the need for services. Most governmental units classified as special districts by the Census Bureau are governed by elected boards of directors. Many derive revenue from property taxes or special assessments.

However, available data do not speak highly for the degree of public participation in special district activities. An Oregon report states that turnout at special district elections is about 10 percent of the eligible vote; whereas turnout for National, State, county, and city elections ranges from 50 to 80 percent. The report cites such instances as: rejection of a new tax base for a district by a vote of 31 to 32; approval of a \$100,000 bond issue by a vote of 8 to 2; authority to exceed a district tax limit base approved by a vote of 15 to 2 in one instance, and by a vote of 30 to 6 in another; and a contested election for a special district governing body where the incumbent was reelected by a vote of 8 to 6.<sup>11</sup> Similarly, Scott and Corzine note that in the San Francisco Bay area, median voter turnout at special district elections was 27 percent, compared to 67 percent at county elections and 45 percent at city elections.<sup>12</sup>

Perhaps an even more damaging indictment is the degree to which scheduled elections for district governing bodies must be canceled. The secretary of one district in California said:

<sup>11</sup> Report of the Legislative Interim Committee on Local Government, *Metropolitan and Urban Area Problems in Oregon*, State of Oregon, 1963, p. 15.

<sup>12</sup> *Ibid.*, Scott and Corzine, p. 2.

In the last 13 years there have only been two elections in this district . . . only one commissioner is on the board because he was elected by the people. The remainder have been appointed or reappointed by the board of supervisors because nobody cared enough to contest their chairs.<sup>13</sup>

In the 6-year period, 1956 to 1962, 62 sanitary and 121 fire protection district elections for district directors were canceled in the San Francisco Bay area. This was far more than the number of district elections actually held during the period.<sup>14</sup>

The problem of voter turnout at special district elections raises some difficult questions. One argument for creating special districts is "grassroots control" of the service to be performed. Yet, one can question the degree of grassroots control that exists in the light of sparse voting cited above.

Lack of voter interest is probably the result of several factors. Meetings of district governing bodies and actual district elections generally receive little publicity. There is little voter awareness of the significance of district elections because, in most instances, voters do not consider districts separate and distinct from general local government. The Colorado League of Women Voters says:

While one of the theoretical advantages of the special district is its accountability to the local electorate, the existence of overlapping special districts in an area may make it almost impossible for the conscientious citizen to inform himself and vote intelligently in the elections of all the governmental units which affect him. As a citizen of the federal, state, and county governments and the school district, he has specific demands on his time and attention. He may also need to inform himself of the qualifications of candidates for directorships of a sanitation, water, fire protection, and recreation district, which may be holding elections at several different times during the year. There may also be special elections for bond issues in several of them.

<sup>13</sup> *Ibid.*, p. 3, quoting from the *San Rafael Independent Journal*, Sept. 19, 1962.

<sup>14</sup> *Ibid.*, p. 3.

This situation obviously has a deleterious effect on citizen responsibility.<sup>15</sup>

It may well be argued that low voter turnout at district elections is indicative of the fact that districts are actually meeting, in a highly satisfactory manner, the needs of citizens to whom they provide services. This is undoubtedly true to an extent, but experience has also shown that it is difficult for the citizen to obtain information necessary to evaluate the effectiveness of special districts. This often is complicated further because it is common to think of governmental services and functions as a unit and not to separate them according to the various legal entities that provide separate services.

Meeting the needs and desires of the people and meeting them in the most effective and appropriate manner are two different questions. This is true whether a district is governed by a popularly elected or an appointed governing body. A New York study says:

It would appear proper to require all public utility authorities which are not subject to the Public Service Commission or other control bodies to hold public hearings before raising rates or permanently terminating services. The fact that a utility enterprise is publicly owned and is operated by a public authority does not necessarily insure that the public interest is secure.<sup>16</sup>

While the New York report discusses public authorities which are not included as special districts by the Bureau of the Census, it clearly points to a problem that must be considered in the context of responsiveness of "monopolistic" districts which perform services financed by user charges. This might include toll road and bridge, sewerage disposal, water supply, irrigation, utility, port and airport districts.

<sup>15</sup> *Ibid.*, League of Women Voters of Colorado, "Local Governments in Colorado," p. 40.

<sup>16</sup> *Ibid.*, Temporary State Commission on Coordinating State Activities, p. 518.

Special districts financed through user charges present special problems under the responsiveness criterion. Not only are their governing bodies often not elected, but usually voter approval is not required when they incur debt. In such situations, a trust indenture or bond resolution, pursuant to which the bonds are issued, often governs the rates which such districts may charge for their services.

#### 4. *Fragmentation of Governmental and Political Responsibility*

Profusion of special districts within an area results in fragmentation of governmental and political responsibility. This is particularly true where the governing body of the district is popularly elected. The degree of fragmentation of governmental responsibility also is a function of the extent to which district activities are integrated with the activities of the units of general local government within the area. The more autonomous the district is the greater the resulting fragmentation.

The impact of various types of districts on fragmentation of governmental and political responsibility differs significantly. Hospital, cemetery, and library districts undoubtedly contribute little to such fragmentation. The impact of other types of districts on fragmentation is often a function of the degree to which State law requires coordination between the activities of special districts and general government.

Two types of fragmentation may be present in a given situation. The first is determined by the number of different types of functions performed by special districts. A given community might be within the territorial boundaries of as many as six or eight or more special districts. The second type of fragmentation is a function of the number of districts of a given type in a larger community.

The two types of fragmentation present different problems. Multiplicity of types of districts results in serious political and governmental problems. In discussing this problem, Mayor Beverley Briley said:

We began to develop the satellite cities, the utility district, and special authorities for the purpose of performing single and individual functions of local government without a responsibility for the total public service needed by all people and without a concordance of opinion. We did not develop a total local government that had a concern about all the services necessary for modern living on the part of its citizenship and the total economy of its people.<sup>17</sup>

The League of Women Voters of Colorado said:

One of the greatest disadvantages is that emphasis on the piecemeal service-by-service solution of problems tends to divide the area along functional lines rather than to achieve a coordinated approach to the total complex of problems. This is particularly true when districts are single-purpose and a new district is created for provision of each service.<sup>18</sup>

The New York study says:

It does not appear to be wise policy to encourage the fractionalization of local government through the creation of public authorities wholly within one municipality if that municipality under law can finance the undertaking through revenue bonds.<sup>19</sup>

Fragmentation of government in a given area prevents, or at least makes difficult, effective coordination of all government activities. In many instances it prevents the general public from making effective allocation of public financial resources at any given moment. Since each type of special district may have unlimited use of a given source of revenue, no effective means is available to the general public to make a determination as to how total public funds shall be allocated among the various governmental functions.

<sup>17</sup> Beverley Briley, Mayor, Nashville-Davidson County, speech before the Rhode Island Public Expenditures Council, Oct. 28, 1963.

<sup>18</sup> *Ibid.*, League of Women Voters of Colorado, "Part II," p. 35.

<sup>19</sup> *Ibid.*, Temporary State Commission on Coordinating State Activities, p. 548.

Multiplicity of a single type of special district in a community can present similar problems. This situation often requires an unreasonably high expenditure of public funds for that service because of multiple administrative units and inefficient location of capital facilities. It generally tends to increase the cost of performance of the individual service to all residents within the various districts. In addition, activities of an upstream drainage district can significantly affect the activities of a similar downstream function, just as an upstream sewerage district can seriously affect water pollution problems of a downstream community. In some of these matters, States are beginning to take an active role in insuring functional coordination of certain types of district and local government activities. With respect to others, there is presently no means of insuring proper coordination.

Problems associated with numerous districts of the same type in an area are intensified because it is extremely difficult to consolidate districts or for units of general local government to assume responsibility for district functions. Often effective coordination of functional types of districts is achieved because many special districts do not perform actual operating functions. They are merely financing units which contract with another district or unit of general local government for a service. Most Pennsylvania authorities are of this type, and many special districts in metropolitan areas do not engage in operational activities.

Districts of the latter type, with little or no operating responsibilities, often are created to guarantee a unit of general local government or an operating special district, the financial resources pursuant to which a service will be provided. The extent to which fragmentation is minimized because special districts contract with other units of

government can only be determined by detailed study of individual situations.

### 5. *Perpetuation of Existing Governmental Structure*

It is well recognized that the existing structure of local government is in need of careful reevaluation.<sup>20</sup> One study commenting on the present Oregon situation says:

Without improvements in structure there is little hope of effective local action to meet mounting urban problems.<sup>21</sup>

Existing and proposed districts must be evaluated in terms of their effect on the ability of government to react to changing situations.

Special districts are resorted to primarily because existing units of government are unable or unwilling to provide services required by the people at the time they require them. Certainly, in some instances a municipality would be willing to annex the territory of the proposed district but the people of the territory want something less than annexation. In various situations where proposals to create districts are being considered, the impact that the creation of the district would have on the ability of the area to meet future needs is not considered. Special districts—

... have, in fact, sometimes been the primary *obstacle* to municipal incorporation or annexation. Sanitary districts and fire protection districts, especially, have sometimes prevented or hindered municipalities from extending their boundaries logically. Such districts, actively operating from the outskirts of a city, will often resist annexation or incorporation movements which threaten their existence. Once an area has its water, sewer and fire problems solved, it is likely to ignore the less

<sup>20</sup> See *ibid.*, Advisory Commission on Intergovernmental Relations, "Governmental Structure," "Restrictions on Structure," and "Performance of Urban Functions."

<sup>21</sup> *Ibid.*, Oregon Report of the Legislative Interim Committee on Local Government, p. 2.

obvious advantages of annexing to a nearby municipality.<sup>22</sup>

The same report notes that annexation or consolidation is made difficult by the development of special interest groups around the particular special district and the fact that dissolution of a special district often requires extraordinary majorities whereby creation is accomplished by a simple majority vote.<sup>23</sup>

It was once thought that special districts would provide an answer to metropolitan problems, but the history of special districts over the past 10 years does not support this conclusion. The boundaries of special districts generally are not extended to keep up with the expansion of the particular problem, nor are the number of services they are asked to perform expanded so that they become truly units of general government.

Not only do special districts hinder structural reorganization of local government, but they often hamper efforts to implement programs of statewide concern. The nature of the impact of special districts on statewide programs is somewhat different from the nature of their impact on units of general local government. Districts often are active before a State program is developed. In such situations, the State possesses the legal authority to determine the role of special districts, whereas local government generally does not.

### B. Application of Criteria

If the five foregoing criteria for evaluating special districts were determinative of whether a district was to be formed, there would be few districts in the United States. While many districts fulfill their responsibility for effective and economical performance of a service within their boundaries, the very territorial limits of a district often

<sup>22</sup> *Ibid.*, Scott and Corzine, p. 6.

<sup>23</sup> *Ibid.*, p. 10.

prohibit its providing the most effective and economical service. This is most apparent in those communities where numerous special districts of the same type are utilized.

The same problem is presented where various special districts overlap. Here, inefficiency is the result of duplicate administrative organization for each district and inadequate coordination of total governmental activities.

The responsiveness criterion is difficult to evaluate properly. It could well be argued that special districts are performing the kind of service the people want and for that reason voter turnout is small at district elections. Conversely, if a value of special districts lies with the concept of "grassroots democracy," poor voter turnout is an indication that they do not meet the standards of such "grassroots democracy."

The last two criteria, fragmentation of governmental and political responsibility and flexibility of structural organization, would militate against utilization of special districts in most circumstances.

Were the criteria herein developed to be applied to special districts, it would be extremely difficult to justify the use of most of them. Consequently, if it is assumed that districts do provide a valuable service and that the people of a community do want districts to provide certain services, something more is required.

Additional requirements are not in the nature of criteria because the criteria herein developed are the only logical ones for evaluating intergovernmental aspects of special district activities. The additional steps necessary are to develop procedures wherein existing or proposed special districts could, in fact, justify their existence in terms of these criteria. This would require substantial changes in the substantive law of special districts in most States. Such changes should insure that information re-

lating to district activities is available, both to the general public and to units of general government. It would require that relatively simple procedures be developed for the dissolution and consolidation of existing special districts. It would require that units of general government be authorized to impose certain restrictions on the activities of special districts.

In considering special districts within the basic structure of government in the United States, it must be recognized that other devices usually are available to achieve the purpose for which districts are created. The State or units of general local government often can provide the service performed by a special district in a manner not disruptive of intergovernmental relations. The availability of these methods is indicated by the number of governmental units which the Bureau of the Census classifies as subordinate agencies or areas. Such units are in existence in every State and generally are subject to the control of an appropriate unit of State or general local government.<sup>24</sup>

Every function undertaken by special districts in the United States is performed by subordinate governmental agencies or areas in a significant number of States. Often, such agencies exist side by side with special districts in an individual State and perform the same service. In addition, the Bureau of the Census lists some 5,223 "county subordinate 'special taxing areas'" in the United States.<sup>25</sup> Ironically, California, Oregon, Illinois, Texas, and Washington, with large numbers of special districts, authorize the use of such areas. Of these States, only California has used this device extensively. Other States—Maryland, Arizona, Iowa, and Louisiana—have used the county subordinate special taxing area as a means of avoiding resort to special districts.

<sup>24</sup> *Ibid.*, "Census of Governments: 1962," pp. 243-372.

<sup>25</sup> *Ibid.*, pp. 201-242.

A subordinate taxing area or a subordinate agency permits a unit of general government to provide a service within a portion of its territory without creating the intergovernmental problems that characterize many special districts. The governing body of such agencies or areas is either the governing body of a unit of general government or is directly responsible to that body. This approach permits the citizen to pin-

point overall governmental and political responsibility. At the same time, as community needs change, a unit of general government has the power and authority to adjust the scope of operation of the agency or area to respond to such changes. Finally, such devices eliminate overhead costs associated with duplication of administrative functions by special districts and units of general government.

## Chapter IX

### CONCLUSIONS AND RECOMMENDATIONS

The Commission has been impressed by the variety of definitions of special districts found in the literature. The range extends from local fire districts with independently elected directors possessing relatively unrestricted financial and program powers to the statewide authority with an ex officio board possessing limited discretionary authority within its sphere of operation. The variety is understandable because of the diversity of ways in which the several States and numerous communities have responded to individual problems and the difficulty of setting meaningful classifications for statistical purposes.

In light of this diversity, it is essential that a concept of special districts be stated for purposes of interpreting and applying the conclusions and recommendations which follow. Excluded are school districts, which constitute a separate problem of inter-governmental relations, and special districts which are statewide in operation. The latter are authorized by individual State enactments which must be acceptable to a majority of both houses of a State legislature and a Governor. It is a relatively easy matter for such districts to be dissolved and general government control over their activities is easy to maintain.

Special districts created pursuant to interstate compacts, involving matters of State rather than local concern, are also excluded from the scope of the recommendations. Agencies of this type usually are created to find solutions to regional problems. They

are concerned with matters affecting numerous communities and that often affect a national interest.

Finally, housing and urban renewal districts are excluded from the scope of the recommendations made herein. This exclusion is made for several reasons. First, Federal statutes and administrative regulations which permit these districts to receive Federal funds or obtain Federal loans require close coordination of their activities with the unit of general local government within which they operate. In almost all instances they are coterminous with the territorial boundaries of a unit of general local government. Their governing bodies are in one way or another directly responsible to the governing body of the coterminous unit of general local government. Finally, both State and Federal legislation governing their operations tend to insure that these districts function in a manner not contradictory to the recommendations made herein.

With these exceptions, every legal governmental entity which has authority to obtain money by levying property taxes or other taxes or special assessments, or by charging fees for the service it renders and whose budget does not have to be approved by a unit of general government is considered to be a special district for purposes of the findings and recommendations set forth below.

In earlier reports the Commission has made recommendations which would, if effectuated, greatly minimize the impact of many factors which have been influential in

stimulating the growth of special districts. Previous Commission reports have urged the provision of general home rule authority to cities and counties, the removal of State-imposed debt and tax limitations upon local government, and have suggested that counties be permitted to establish service areas within portions of the county. The Commission also has urged authorization and use of various forms of intergovernmental cooperation in order that cities and counties and other units of general local government can contract or otherwise arrange among themselves to provide services and resolve problems which are not limited to the territorial boundaries of the individual units. Finally, with regard to Federal programs affecting urban development, the Commission has recommended recently that units of general local government be eligible to participate in such programs on the same basis as special districts and, other factors being equal, that they be favored as recipients of Federal aid. In that report the Commission recommended that when a special district participates in a Federal program, the district be charged with responsibility for properly coordinating its activities with those of the appropriate unit of general government. (Recommendations in other Commission reports which relate to special districts appear in app. B.)

The Commission finds that the creation of special districts is generally the result of the need to: (1) provide an essential service when resort to regular governmental processes has failed to produce an acceptable means of providing the service through existing units of general local government (i.e., counties, cities, or towns); or (2) otherwise meet a particular local governmental or political problem.

The various State constitutional and statutory restrictions on the powers of gen-

eral local government have contributed to the creation of special districts because they limit the scope of action available to general local government in responding to the needs of the people. Even where such limitations are not present, general government, for many reasons, often has been unable to find an acceptable political means of responding readily to public needs. In such an atmosphere, citizen groups press for the creation of special districts because this device provides a relatively easy and direct means of satisfying a particular service need.

For example, when septic tanks no longer function, where floods occur, or when homes burn because the firefighting equipment had no source of water, the people demand—and get—immediate action—often by resort to special districts.

In general, the public appears to be satisfied with services received from special districts and, by and large, the districts have resolved the problems which spawned them and have met the demands for public services in an adequate fashion. Such a conclusion is not based upon an evaluation of the overall desirability of the district device or of the relative efficiency of the particular service provided by special districts, nor does it consider their impact on the operations of units of general government.

The Commission subscribes fully to the concept that all levels of government must be responsive to the needs of the people; therefore, use of special districts is entirely justified as a means of meeting these needs if the units of general government do not or cannot respond. Nevertheless, the establishment of special districts creates intergovernmental problems and is frequently an uneconomical means of providing services. Perhaps most important, their use has tended to distort the political processes through which the competing demands for the local revenue dollar are evaluated and

balanced. The Commission believes that this distortion has hampered the effective coordination of local governmental services as a whole.

The multiplicity of special districts often prevents the citizen from knowing exactly what is going on in his community. Frequently, no unit of general government within a State or a locality is fully aware of the various aspects of special district activity. The programs of many districts appear to be completely independent from, and uncoordinated with, similar programs of general government.

The Commission also finds that in many, if not most, instances special districts increase the cost of governmental services. Services often are performed uneconomically. There is duplication of administrative burdens, and costs of borrowing for capital construction due to heavy use of revenue bond financing often are excessively high.

In the light of the Commission's approach to government, and after an analysis of the historic and current role of special districts, it is apparent that many have outlived their usefulness; that many statutes permitting the creation of districts decades ago are of questionable value today; and that steps should be taken to permit general government to absorb the functions of special districts in many instances.

Consequently, the Commission urges that: (1) steps be taken by all levels of government to insure effective control over existing special districts; (2) concerted efforts be made to encourage the consolidation of existing special districts where appropriate; and (3) reasonable restrictions be established on the creation of special districts in the future, consistent with the criteria described earlier in this report. However, the Commission also believes that special districts have a positive role to play in the

structure and operation of American government. Therefore, statutes and policies designed to regulate the use of special districts must be structured so as to insure that districts can best perform their role without creating more problems than they solve. For example, such statutes and policies should provide an easy means for the dissolution or consolidation of districts when there is no longer any need for the service provided or when a unit of general government is willing and able to provide the service.

The recommendations which follow do not reject out of hand the use of special districts in the governmental structure of the United States. While many people urge their demise, the Commission finds that special districts often fill a gap in the structure of local government in this country. In some instances this gap is temporary, in others it may be permanent.

In brief, the recommendations formulated below are based on the following factors: (1) there exists in the United States a large number of special districts which will continue in existence during the foreseeable future; (2) even assuming that prior recommendations of this Commission were universally adopted, other factors influencing the creation of special districts would, in many instances, be so strong that the people would still turn to their use; and (3) special districts can play an important role in the governmental process.

#### ***Recommendation No. 1***

*The Commission recommends that States enact legislation to provide that no special district be created prior to review and approval of the proposed district by a designated agency consisting of representatives of the county or counties and city or cities within the county or counties, within which the proposed district will operate. Agency decisions involving districts which would*

*undertake functions of statewide concern should not be created without State approval. The decision of the agency should be subject to court review.*

An important factor contributing to the high incidence of special districts has been the relative ease of their creation. They are frequently established without consideration of the impact the district will have upon functions of other units of government. Such questioning should not be limited to the need for the service involved, but should include whether a district, or the proposed district, is the best means for providing the service. Unfortunately, existing procedures in many States do not provide an opportunity to have these types of questions specifically considered.

The public is often not fully aware of the diverse factors that may be involved in the programs of a particular special district. When considering the creation of a fire district, such factors as availability of water supply, adequacy of roads and highways, and future needs for the service often are not considered. In this context, it is desirable that an appropriate agency review, against appropriate standards and criteria, the validity of the creation of the particular special district. The essential factors in such a review should be how the needs of the people can best be satisfied, at least cost, and with proper accountability.

An agency of local government consisting of designated county officials and designated municipal officials within a county should review all proposals for creation of special districts prior to their formation. Where a district would cross county lines, the concurrence of agencies within each of the counties affected would be necessary before it could be formed. A local agency would be in the best position to determine the needs of a particular community. It would be able to

evaluate the impact of the proposed district on the structure and activities of existing units of government within the county. Such a body would also be in a position to weigh the various alternatives to creation of a district. This approach has recently been adopted in California; and Nevada and Texas have instituted similar, though more limited, review procedures.

However, local agency decisions should be subject to review by the State where the function to be performed is a matter of statewide concern. The pressure to create a special district often stems from local governments' inability or unwillingness to provide for the needs of the people. Since the local review agency would inevitably be a part of the local political power structure, State review is necessary to insure that adequate attention is given to State interests. State review of proposals to create special districts affecting State programs, such as natural resource development, pollution control, and others in which the State has exercised an operating or supervisory function, should be performed by the State agency responsible for the State program. Such review would be designed to insure that the proposed district and its proposed activities would be consistent with the State program.

While a local agency should decide on proposals for the creation of special districts, subject to State review in some instances, all decisions should be subject to court review. Any party appearing before the local agency should be given standing to initiate such review. The very circumstances that give rise to the proposal to create special districts indicate that general government has not been responsive to the needs of some of the people. Since general government already has indicated some inability to meet these needs, an impartial court review of the agency decision is necessary to insure that

proper consideration is given to all the factors. In many States, courts are already involved in procedures for the creation of special districts, and in still others they are involved in issues of consolidation and annexation of both districts and units of general local government. The competence thus developed should be used to evaluate agency decisions which do not satisfy some of the parties affected by the administrative decision.

#### **Recommendation No. 2**

*The Commission recommends that State legislation further provide that prior to granting consent to the creation of a special district, the approval agency shall—*

(a) *If the proposed special district is wholly or partially within the territorial boundaries of an existing municipality or within a designated number of miles of an existing city or municipality, officially notify such city or municipality of the proposal to create the district, with a view to ascertaining whether the city or municipality is willing and able to initiate proceedings for annexation of the territory of the proposed district, or make arrangements for providing the service which the proposed district would provide.*

(b) *If the proposed district is not within the designated number of miles of an existing city or municipality, or if the city or municipality has not elected to initiate annexation proceedings or provide the designated service, officially notify the county governing body of the proposal to create the special district, with a view of ascertaining whether the county government is willing and able to make arrangements for providing the service; and*

(c) *If neither a county or municipality has elected to act pursuant to (a) or (b) and the proposed district is adjacent to an existing special district which is performing*

*the same service, the approval agency shall officially notify the district governing body of the proposal to create the special district, with a view to ascertaining whether the existing district is willing and able to make arrangements for providing the service.*

*If no unit of general local government or existing special district, acting singly or jointly, is willing and able to provide the service and the approval agency finds a need for the proposed service, then the agency may approve the proposed special district. Where a city, municipality, county, or existing special district, acting singly or jointly, is willing and able to provide the service in a satisfactory manner, the agency should not approve creation of the special district.*

The assumption underlying this recommendation is that necessary governmental services must be provided to the citizens. The next concern is how such needs can best be met within the existing structure of government, and the obvious starting point is with existing units of general local government, principally municipalities and counties. (Towns fulfill this role in New England and in certain other States.) Such units generally should provide the particular service for residents of a proposed district, thus making it unnecessary to resort to special districts which would further fragment the structure of local government. Similarly, where the proposed district is adjacent to an existing district which is performing the same type of service that the proposed district would perform, the existing district should be given an opportunity to extend its service area to encompass the area of the proposed district. It is only after existing units of government declare themselves unwilling or unable to provide essential services that special districts should be permitted.

The State legislation should spell out carefully the factors that must be considered by the approval agency in determining whether a unit of general local government or an existing special district, acting singly or jointly, is willing and able to provide the service which the proposed district would undertake. Among the factors that would have to be considered in each case are: (1) the statutory powers possessed by such governmental units; (2) the fiscal capacity of the units; (3) population and area of the units as related to the function involved; (4) the technical aspects of the particular type of service; and (5) the pertinent aspects of the five criteria discussed earlier. Such factors will, in a given case, indicate whether the service should be undertaken by existing governmental entities or by the proposed special district.

Agency approval of a proposal does not mean, of course, that a proposed district is automatically created. Such approval should be only one step in the procedure for creation of special districts. After agency approval, those desiring to create the district would still need to comply with other requirements of State law.

The proposed procedures embodied in this recommendation are modifications of recently adopted Nevada and Texas methods which permit municipalities to exercise the option of annexation or providing the service.

### ***Recommendation No. 3***

*The Commission recommends that States enact legislation to insure that the activities of existing and subsequently created special districts are coordinated with the activities of units of general government. Such legislation should require: (1) approval by the appropriate unit or units of general local government within which the land lies of any proposed acquisition of title to land by*

*a special district, provided that this approval be subject to court review; and (2) that any proposal for special district capital improvements be submitted, for comment, to the appropriate unit or units of general local government within which the proposed improvements would occur at least 60 days prior to final action on the proposal by the governing body of the district.*

*Where the special district is performing a function that directly affects a program conducted by the State, such approval and review of district activities by the agency responsible for the State program should also be required.*

Some special districts have only a limited impact on the operations of units of general government. In the case of cemetery, library, or hospital districts, the impact primarily relates to the location of district facilities. Giving the unit of general government authority to approve the acquisition of the facility site will reduce or eliminate the possibility of the district's activities having an adverse effect on the units of general government.

The problem is somewhat more complicated when dealing with the larger and more significant types of special districts performing such functions as water supply, sewerage disposal, and the diverse operations of multi-function districts. The activities of such districts have a continuing and significant impact on the long-range development of the community and on many of the regular functions of units of general local government. In such situations, it is essential that approval of district land acquisition be made by units of general local government and that they have an opportunity to review and comment on proposed capital improvements. In this way, units of general local government will be able to insure proper

coordination of their activities and programs with those of the special district. Approval of acquisition of land owned by units of general local government is necessary before a number of special districts can acquire such property. These restrictions on a limited aspect of district activities would provide the units of general local government with the information needed to insure that special district activities are properly coordinated with their own.

Approval of proposed land acquisitions and review of proposed capital improvements by a State agency should be required where the State is actively engaged in developing or implementing a statewide program in the particular field. When a State has an intensive water utilization and development program in operation, it should review district activities affecting its program to insure that they are consistent with it.

The above recommendations might well require approval of special district land acquisitions or review of proposed improvements by as many as three units of government. A sewerage district seeking to acquire land or extend its interceptor sewers may have to seek approval or review from a municipality, a county, and a State agency. The legislation authorizing creation of the various types of special districts should specify those units of government whose approval and review are needed in each instance.

#### ***Recommendation No. 4***

*The Commission recommends that States enact legislation requiring that a designated State agency (an office of local government or other appropriate agency), and the appropriate county governing body, be informed of the creation of all special districts within respective county borders, and, to the*

*extent practicable, that States require that budgets and accounts of special districts be formulated and maintained according to uniform procedures determined by an appropriate State agency. The State agency should be required to audit, or approve private audits, of district accounts at regular intervals.*

The record shows that the general public, as well as State and local officials, often are not well acquainted with the operations of special districts. In many instances their operations are small. Often there are no formal requirements for special districts to keep any agency of government informed of their activities, nor are there any standards for reporting or publication of their activities.

States have, to varying degrees, utilized the procedures suggested here. Their use in States such as California and Pennsylvania have permitted the gathering of information necessary to evaluate the impact and effectiveness of special districts. In other States they are not enforced, and most States have no such requirements.

The degree to which the people and general government can keep track of special districts varies significantly. The larger the operation, the more information usually is available to the general public and to government officials. The activities of such districts are easily visible to both because they usually have a significant impact on general government as well as the people.

Experience in different States has shown that often special district budgets do not exist and audits are never made, regardless of existing statutory requirements. In many States the statutes, while requiring budgets and audits, have no enforcement provisions and do not require that such budgets or audits be filed with any other unit or level of government. In order that State

and local governments be fully aware of the extent of special district operations within their respective jurisdiction, it is necessary that legislation as herein recommended be adopted in every State. An appropriate State agency should be required to audit districts' accounts or accept audits of qualified accountants at periodic intervals.

Full awareness of the financial operations of special districts can only be secured if State law requires the districts to conform to certain budgetary standards and to provide certain basic information, not only to the appropriate units of general local government but also to a designated State agency. Such procedures would make available to public officials, as well as private citizens, the necessary data on which to evaluate the performance and operation of special districts in the community.

#### **Recommendation No. 5**

*The Commission recommends that States enact legislation: (1) providing a simple procedure for consolidation of special districts performing the same or similar functions; (2) permitting an appropriate unit of general government to assume responsibility for the function of the special district within the district area.*

*The legislation should establish a procedure whereby the agency specified in Recommendation 1 is authorized to require the dissolution or consolidation of special districts pursuant to petition by a special district, a unit of general local government, or the residents within a district upon finding that the services performed by the district are: (1) no longer needed; or (2) can be more effectively performed by a unit of general local government or a consolidated district. Where the agency makes such a finding, it shall issue an order dissolving or consolidating the district which should in-*

*clude: (1) provision for the equitable distribution of the assets and liabilities of the district; and (2) provisions relating to the protection of the legal rights of the employees of the district dissolved or consolidated. Those portions of the agency decisions relating to distribution of assets and liabilities of the district and the reemployment, pension, and other rights of its employees should be subject to court review.*

The difficulties arising out of the use of special districts are only partly related to the problem of coordinating their activities with operations of general government. Special districts often continue to exist after an appropriate unit of general local government, or a single district rather than several, could very well assume the responsibility previously carried on by the district. Therefore, procedures should be provided by which a unit of general local government, or a larger district, can assume the functions performed by special districts under conditions that would be equitable to all concerned. Problems which must be satisfactorily resolved in this connection include: (1) the equitable distribution of the assets and liabilities of the special district; (2) protecting the legal rights of district personnel; and (3) insuring an equitable impact on the political structure of the community.

A unit of general local government may be willing and able to assume responsibility for the services provided by the district or the consolidation of several districts performing the same service may be desired. Many factors which influence the creation of special districts also tend to influence their perpetuation and to prevent any redistribution of the services performed. In addition, a special interest group normally becomes closely associated with the activities of the district. Such a group may include employees of the district, its governing

body, and residents of the community who are closely associated with, or highly interested in, district activities. Generally speaking, such individuals would, in one way or another, be adversely affected by the dissolution or consolidation of the district. Unless a relatively simple procedure can be developed to permit dissolution or consolidation as appropriate, continued diffusion of governmental responsibility is inevitable.

The Commission has found that special districts perform a valuable function in the governing process. Their availability as a tool of government should be continued with proper safeguards. However, provision must be made for the dissolution and consolidation of individual special districts when the function performed can be more effectively provided by a different unit of government. This is essential if the use of the special district device is not to be discredited. Experience has shown, both in the case of special districts and in the case of school districts, that mere statutory authorization for the dissolution or consolidation of existing districts is not always sufficient. A more definite procedure with perhaps financial inducements on the part of the State government may well be necessary. In this connection it should be noted that in 1963 the State of Georgia enacted legislation to this end.

Dissolution or consolidation of special districts requires an equitable distribution of the assets and liabilities of the district. This, of course, is a matter of direct concern to residents of a district who may have made a substantial financial investment in the district. Similarly, the employees of the district, with or without civil service protection, may possess certain legal rights pursuant to State law. While these interests should not influence a decision concerning dissolution or consolidation of a district, they must be

equitably considered in each situation. Decisions of this type are commonly made by the courts and should, therefore, be subject to court review. Court review would insure that the residents and employees of the districts are treated fairly in such proceedings.

#### *Recommendation No. 6*

*The Commission recommends the enactment of State legislation to provide that service charges or tolls levied by special districts, which are not reviewed and approved by the governing body of a unit of general government, be reviewed and approved by an appropriate State agency.*

In many instances the pricing policies of special districts which are financed by service charges or tolls are extremely difficult to justify. While experience seems to indicate that the public generally has not considered the charges made by such districts to be excessive, the fact remains that were these services performed by private business they would be subject to State regulation.

Where a service so financed is performed by a special district, as opposed to a unit of general local government, the price of the service is in no way subjected to scrutiny through the regular political processes of the community. This aspect of district operations is particularly significant because most of the districts which levy service charges or tolls are governed by boards of directors who are not popularly elected. Thus, their responsiveness to the general public is somewhat restricted. Responsiveness of such districts is further restricted because their ability to incur debt for district purposes is not subject to referendum, and their rate structure often is largely determined by the provisions of the agreement pursuant to which the bonds are sold.

Likewise, it must be recognized that special districts levying service charges usually are monopolies in the sense that they are the only means by which the public can obtain the service rendered. A district providing water or sewerage services, for example, is almost always the only available source of the service. This is the typical situation in which government has regulated pricing policies in order to protect the consumer. Yet, in many instances, the charges for service rendered by such a district are not subject to review or approval by any agency of general government.

The monopoly aspect of certain districts is of added significance because State law often requires that residents utilize sewerage district facilities where available. In such situations the individual has no choice but to pay the service charge levied by the district. This is in contrast to other monopoly services, regulated by government, where individuals have an option as to whether they use the service or not. Similarly, other special district services, such as water supply services, are more important and vital to the everyday life of the citizen than are those of State-regulated monopolies. Where the pricing policies of districts are subject to review and control by a unit of general local government, the need for regulatory review at the State level is unnecessary since the pricing policies are subject to political review, and the public has an opportunity to make its views felt through the normal political processes. Where such review is not available, a State should insure that the rates are determined in a proper manner.

#### ***Recommendation No. 7***

*The Commission recommends that States enact legislation requiring counties and municipalities, when sending out their property*

*tax bills or providing receipts, to include in each individual property owner's bill or receipt an itemization of special district property taxes and special assessments levied against the property. At the same time, counties and municipalities should, in preparing annual reports of their operations, include pertinent information on the activities of all special districts operating within the territory of the county or municipality.*

All too often an individual citizen is unaware of the extent to which special districts exist in his community. If special districts are to be responsive to the needs of the people, and if the people are to be in a position to evaluate their government intelligently, various types of information concerning their activities must be readily available. Existing procedures for making such information available are, by and large, inadequate.

Where counties or municipalities collect taxes for special districts that levy property taxes, district taxes usually appear as a mere code number on a general county tax bill; the citizen usually has no knowledge of exactly what the code number means. Conversely, where the district tax is levied and collected at a time other than that for such collection by a unit of general local government, the citizen has difficulty in seeing the total impact of his local government. The Commission believes that the units of general local government should assume responsibility for insuring that all taxpaying citizens are able to obtain in a single document and a single tax form or receipt a summary of the financial and other pertinent information relating to the activities of all local governments within the community.

#### ***Recommendation No. 8***

*The Commission recommends that States enact legislation authorizing counties (in*

*some States, towns) to establish subordinate taxing areas in parts of their territory to enable these governments to provide and finance a governmental service in a portion of the county.*

A significant factor influencing creation of special districts is the inability of counties (in some States, towns) to provide governmental services to a portion of the area within its boundaries. This inability is due either to a statutory or constitutional requirement that tax rates be uniform within the county, or to the lack of specific authority to create subordinate taxing areas within its boundaries.

Such power would permit the county governing body to limit part of its tax levy—or impose an added levy—to that part of its territorial jurisdiction in which it desires to provide a particular service. This procedure would leave responsibility for establishing basic policies respecting the provision of services with the county governing body. Political and governmental responsibility would not be fragmented. In the process, the service provided to only a portion of the jurisdiction would be better coordinated with other governmental services provided by the county. The county, moreover, could respond more readily than a special district to changes necessitated by future expansion or contraction of the service area, or alternatively, to changes which make the service unnecessary.

Where the county does not possess authority to establish subordinate taxing areas, the only recourse available to people wanting a specific service is annexation to an existing municipality, municipal incorporation, or creation of a special district. In many instances, if not in most, when the demand for a specific service arises, the community involved is not ready for annexation or incorporation. Such situations are con-

ducive to the creation of special districts, which in turn are likely to hinder efforts for annexation or incorporation when they otherwise seem appropriate.

Use of county subordinate taxing areas would be a valuable tool for providing those services financed largely from general tax revenues. These include fire protection, park and recreation, health, street lighting, and library services. In addition, the device might be used for other services financed partly from general tax revenues.

Potential use of subordinate taxing areas would be of particular value in two types of situations. The first is where an area is undergoing urbanization. In such situations the need for various services arises at different times, and the area requiring the service constitutes only a small portion of the county. Annexation or incorporation are unacceptable means of securing the service. Here the county could provide the service by levying a special tax in the portion of the county desiring the service. If this possibility were not available, the county, if it were to provide the service, would have to finance it from general tax revenues obtained from the whole county. Obviously this would be politically unacceptable in most instances. The second situation, with the same factors involved, occurs in those portions of basically rural counties where there are small enclaves with high population densities.

As was noted earlier, some 20 States authorize the creation of subordinate taxing areas. In comparing the use of subordinate taxing areas with the use of special districts, it is apparent that this tool of government does not prevent their creation. Authority to establish such areas exists in California and Oregon which have numerous special districts. On the other hand, in States such as Arizona, Louisiana, and Maryland, the

subordinate taxing area device apparently has been effective in minimizing the resort to special districts. Experience with the subordinate taxing area device indicates that it should be a tool available for meeting local needs, but that its availability will not necessarily result in the elimination of the special district as a unit of government.

***Recommendation No. 9***

*The Commission recommends that each State undertake a comprehensive study of all governmental entities authorized by State law to ascertain the numbers, types, functions, and financing of entities within the State defined as special districts and subordinate agencies and taxing areas by the Bureau of the Census.*

Intelligent and comprehensive application of the various recommendations previously made requires that States have com-

plete information relating to the numbers, types, and activities of the various special districts, and other kinds of units or agencies which are authorized to undertake governmental functions within its borders. Not only is such information necessary in order to determine the applicability of the recommendations made in this report, but it would provide information necessary for a variety of purposes.

Comprehensive studies are essential in most States because of the way in which legislation authorizing special districts and subordinate agencies and taxing areas has been developed. The history of this development dates to the early days of the Nation, and legislation often was enacted to meet special circumstances. Often no consideration is given to prior legislation where new situations arise, and the total impact of various previous authorizations rarely is appreciated.

Appendix A  
STATISTICAL TABLES

*Explanatory Notes*

- Table 1. Fire Protection, Number of Districts and Expenditure for Selected Years.
- Table 2. Water Supply, Number of Districts and Expenditure for Selected Years.
- Table 3. Housing and Urban Renewal, Number of Districts and Expenditure for Selected Years.
- Table 4. Sewerage Disposal, Number of Districts and Expenditure for Selected Years.
- Table 5. Local Parks and Recreation, Number of Districts and Expenditure for Selected Years.
- Table 6. Utilities (excluding water supply), Number of Districts and Expenditure for Selected Years.
- Table 7. Ports, Number of Districts and Expenditure for Selected Years.
- Table 8. Airports, Number of Districts and Expenditure for Selected Years.
- Table 9. Health and Hospitals, Number of Districts and Expenditure for Selected Years.
- Table 10. Libraries, Number of Districts and Expenditure for Selected Years.
- Table 11. Highways, Number of Districts and Expenditure for Selected Years.
- Table 12. Natural Resources, Number of Districts and Expenditure for Selected Years.
- Table 13. Types of Natural Resource Districts for Selected Years.
- Table 14. Multifunction Districts for Selected Years.
- Table 15. Cemetery and Other Single Function Districts for Selected Years.

## EXPLANATORY NOTE

The financial data included in the appendix tables were specifically derived from various published volumes of the 1957 and 1962 Census of Governments. The 1962 distribution of general expenditure between current operation and capital outlay by function was provided by the Governments Division of the Bureau of the Census from unpublished data. Expenditure figures for all functions, except "water supply and other utilities," are in terms of "direct general expenditure" and exclude expenditures for debt service and employee retirement. Expenditure figures for "water supply and utilities" are in terms of "direct expenditures" and

include debt service and retirement expenditures.

In a number of instances functional expenditures by districts are indicated in a given State despite the fact that no district is indicated as performing the function. This is due to the separate classification of multifunction districts and districts classified as single-function districts, but having minor expenditures for another function. Similarly, certain districts exist as operating districts for providing a service but had no expenditures during 1962.

National totals of expenditures do not equal sum of columns and district expenditures as a percent of total expenditures vary due to rounding.

TABLE 1.—Fire Protection, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of local governments for fire protection							
	1962	1967	1962	1962				1957			
				All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts (in thousands)		All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total
							Current operation	Capital outlay			
<b>Northwest:</b>											
Maine.....	2	2		46.2					45.1	\$15	0.29
New Hampshire.....	20	19	39	4.3	\$220	5.12	\$170	\$50	2.6	327	9.01
Vermont.....	30	20	54	1.5	85	5.54	69	36	1.4	146	10.80
Massachusetts.....	11	8	33	70.2	299	.41	257	32	58.1	965	1.30
Rhode Island.....	38	38	38	8.5	633	7.45	479	154	6.4	477	7.46
Connecticut.....	56	29	50	24.8	1,051	4.24	628	423	14.4	692	8.76
New York.....	636	783	816	164.4	13,840	8.42	8,366	5,474	125.2	10,439	8.47
New Jersey.....	98	22	20	55.4	1,284	2.33	993	291	42.4	1,182	2.79
Pennsylvania.....				48.3					45.6		
<b>Midwest:</b>											
Michigan.....			1	46.6					35.8		
Ohio.....				54.3					41.7		
Indiana.....				27.2					19.9		
Illinois.....	630	504	341	62.1	4,744	7.64	3,053	1,691	43.5	3,343	7.69
Wisconsin.....				29.0					22.7		
Minnesota.....				15.7					11.1		
Iowa.....	18			10.2	33	.32	22	11	7.4		
Missouri.....	29	22	8	21.5	1,852	8.60	1,090	133	16.3	1,498	9.01
North Dakota.....	27			1.5	85	6.43	25	80	1.2		
South Dakota.....				1.7					1.1		
Nebraska.....	321	253	170	5.6	523	9.20	209	314	4.1	323	7.95
Kansas.....				9.2					6.6		
<b>South:</b>											
Delaware.....				1.8					1.3		
Maryland.....			11	22.6					15.1		
District of Columbia.....				9.6					6.8		
Virginia.....				15.3					10.6		
West Virginia.....				4.4					3.4		
Kentucky.....	13	4	1	9.1	133	1.45	76	57	6.5	54	.82
Tennessee.....	1			10.3	30	.18	30		9.5	54	.57
North Carolina.....				18.5	16	.12		16	8.6		
South Carolina.....	13	2	1	3.2	694	12.70	559	105	3.1	45	1.45
Georgia.....				14.5					9.7		
Florida.....	24	10	4	26.7	475	1.78	355	120	15.5	99	.64
Alabama.....				10.6					7.2		
Mississippi.....				4.9					3.1		
Louisiana.....	15	13		13.3	213	1.60	212	1	10.5	88	.84
Arkansas.....	2			4.6	22	.49	9	13	3.1		
<b>Southwest:</b>											
Oklahoma.....	1			8.4					6.7		
Texas.....	3			47.1	11	.02	1	10	33.3		
New Mexico.....				3.3					2.0		
Arizona.....				3.8					2.8		
<b>West:</b>											
Montana.....				2.4					1.7		
Idaho.....	33	42	30	2.7	375	18.92	265	90	1.7	257	14.94
Wyoming.....	21	14		1.5	165	7.22	76	29	.8	56	6.78
Colorado.....	117	88	69	9.8	1,068	11.15	781	312	6.3	475	7.33
Utah.....	4	2		3.9					2.6	1	.04
Washington.....	313	250	177	26.3	3,365	16.88	2,431	934	14.1	2,029	14.37
Oregon.....	263	164	181	12.4	2,412	10.40	1,798	614	8.5	1,110	13.10
Nevada.....	10	7	6	3.0	75	2.52	30	45	2.2	18	.82
California.....	380	334	282	158.1	11,228	7.10	9,525	1,703	103.1	7,829	7.45
Alaska.....			n.s.	1.4	17	1.24	11	6	1.8		
Hawaii.....			n.s.	5.1					3.1		
U.S. total.....	3,229	2,624	2,272	1,120.8	44,852	3.99	33,170	12,682	614.3	31,132	3.82

n.s.—Not available.

Source: U.S. Bureau of the Census, *Census of Governments, 1957*, *Census of Governments, 1967*, and *Governments in the United States in 1968*. (See explanatory note.)

TABLE 2.—Water Supply, Number of Districts and Expenditure for Selected Years

State	Districts			Direct expenditure of local governments for water supply systems								
	1962	1957	1952	1962					1957			
				All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts <sup>1</sup> (in thousands)		All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	
						Current operation	Capital outlay					
<b>North-east:</b>												
Maine.....	58	53	73	88.3	87,748	93.17	\$3,187	\$3,469	\$6.0	\$5,461	91.02	
New Hampshire.....	37	12	23	3.8	872	23.12	525	284	3.8	524	13.79	
Vermont.....	21	17	.....	2.2	210	9.66	123	90	2.2	64	2.91	
Massachusetts.....	71	72	57	51.5	4,272	8.46	2,474	1,510	41.7	3,363	8.06	
Rhode Island.....	8	2	2	8.5	680	7.99	561	194	5.1	443	8.69	
Connecticut.....	6	7	9	14.4	8,352	57.17	3,461	4,199	11.3	6,692	57.19	
New York.....	.....	5	.....	160.5	.....	.....	.....	.....	137.8	62	.....	
New Jersey.....	5	2	2	45.0	7,267	16.13	3,595	2,715	36.4	3,590	9.88	
Pennsylvania.....	206	2	2	79.1	28,949	36.20	12,700	9,738	81.6	3	( <sup>2</sup> )	
<b>Midwest:</b>												
Michigan.....	7	9	4	83.3	1,481	1.78	1,049	223	69.6	1,753	2.52	
Ohio.....	2	2	2	96.5	995	.97	726	85	96.6	1,890	1.96	
Indiana.....	.....	.....	.....	25.4	.....	.....	.....	.....	21.3	.....	.....	
Illinois.....	34	9	2	124.3	3,736	2.20	1,563	622	105.1	2,607	2.48	
Wisconsin.....	.....	.....	.....	30.9	.....	.....	.....	.....	27.4	.....	.....	
Minnesota.....	.....	.....	.....	34.4	.....	.....	.....	.....	25.3	.....	.....	
Iowa.....	46	25	19	22.2	12	.05	9	2	19.3	27	.14	
Missouri.....	5	9	8	33.1	748	2.26	321	262	28.6	745	2.61	
North Dakota.....	.....	.....	.....	7.7	.....	.....	.....	.....	5.4	.....	.....	
South Dakota.....	.....	.....	.....	5.6	.....	.....	.....	.....	5.4	.....	.....	
Nebraska.....	.....	3	1	13.9	6,182	44.55	2,635	3,011	11.6	4,998	39.04	
Kansas.....	14	2	5	20.0	5,536	21.26	2,676	1,855	48.0	2,149	4.39	
<b>South:</b>												
Delaware.....	.....	.....	.....	1.9	.....	.....	.....	.....	2.5	.....	.....	
Maryland.....	4	1	4	34.3	15,407	44.98	3,633	9,645	29.1	14,433	49.80	
District of Columbia.....	.....	.....	.....	11.0	.....	.....	.....	.....	10.8	.....	.....	
Virginia.....	.....	.....	.....	31.6	.....	.....	.....	.....	18.6	28	.14	
West Virginia.....	10	5	.....	6.6	369	5.67	205	20	5.4	136	2.82	
Kentucky.....	29	17	5	26.3	3,867	14.71	1,793	1,686	17.1	2,198	12.85	
Tennessee.....	66	54	27	36.6	6,128	16.74	2,210	2,684	33.9	6,875	20.28	
North Carolina.....	10	5	11	37.3	1,009	2.71	441	308	31.1	765	2.48	
South Carolina.....	32	17	5	18.8	3,858	20.90	1,029	2,440	12.4	2,433	13.28	
Georgia.....	8	2	1	39.7	1,017	2.60	236	595	33.1	1,090	3.29	
Florida.....	5	2	1	63.1	1,626	2.80	1,307	66	46.3	1,097	2.37	
Alabama.....	.....	.....	.....	32.2	.....	.....	.....	.....	18.7	.....	.....	
Mississippi.....	1	.....	.....	12.4	.....	.....	.....	.....	7.0	.....	.....	
Louisiana.....	26	30	17	23.6	4,061	17.23	1,982	911	24.1	4,928	20.45	
Arkansas.....	35	8	6	14.5	270	1.88	58	164	13.4	194	.78	
<b>Southwest:</b>												
Oklahoma.....	7	9	9	54.9	161	.29	136	5	28.4	250	.85	
Texas.....	123	80	50	179.8	28,211	16.52	6,047	17,306	146.5	27,596	18.84	
New Mexico.....	.....	.....	.....	12.5	.....	.....	.....	.....	10.4	.....	.....	
Arizona.....	1	.....	.....	19.4	18	.09	5	11	7.9	10	.13	
<b>West:</b>												
Montana.....	1	.....	.....	6.2	.....	.....	.....	.....	4.4	.....	.....	
Idaho.....	5	4	1	4.9	220	4.49	192	13	4.3	28	.65	
Wyoming.....	.....	.....	.....	3.1	.....	.....	.....	.....	2.9	.....	.....	
Colorado.....	71	35	8	47.9	8,890	18.55	1,910	6,526	36.3	3,066	8.53	
Utah.....	12	8	7	13.1	5,277	34.89	2,078	2,370	11.5	4,733	41.16	
Washington.....	118	97	99	47.5	10,011	31.07	3,665	5,559	29.9	4,681	15.66	
Oregon.....	118	97	75	25.2	6,875	27.24	3,684	2,817	16.7	3,604	28.38	
Nevada.....	3	1	1	6.0	4,498	74.91	1,015	2,937	2.4	1,303	54.29	
California.....	291	195	127	362.7	297,794	57.29	55,646	133,847	187.5	82,499	44.00	
Alaska.....	.....	.....	n.a.	4.4	.....	.....	.....	.....	2.1	.....	.....	
Hawaii.....	.....	.....	n.a.	14.0	.....	.....	.....	.....	9.2	.....	.....	
U.S. total.....	1,502	1,008	665	2,076.1	382,246	18.96	120,267	238,292	1,595.2	195,903	12.28	

n.a.—Not available.  
<sup>1</sup> Difference between district expenditures and sum of current operation and capital outlay is interest on debt.  
<sup>2</sup> Less than .066 percent.

<sup>3</sup> Includes districts classified as multifunction, fire and water supply districts in order to present comparable figures.

Source: U.S. Bureau of the Census, *Census of Governments, 1957*, and *Governments in the United States in 1962*. (See explanatory note.)

TABLE 3.—Housing and Urban Renewal, Number of Districts and Expenditure for Selected Years

State	Number			Direct general expenditure of State and local governments for housing and urban renewal								
	1962	1957	1952	1962				1957				
				All State and local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total	Special districts (in thousands)		All State and local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total	
							Current operation	Capital outlay				
<b>Northeast:</b>												
Maine.....	4	5	6	\$0.7	\$56	7.98	\$21	\$35	\$0.7	\$269	38.48	
New Hampshire.....	4	5	3	3.0	2,979	100.00	458	2,521	.3	291	98.98	
Vermont.....			1	(1)								
Massachusetts.....	87	94	109	47.4	38,880	81.96	18,705	20,175	22.1	21,429	96.93	
Rhode Island.....	4	4	4	9.5	4,394	46.42	1,929	2,465	4.9	1,517	30.71	
Connecticut.....	38	41	38	48.2	14,382	29.82	7,854	6,528	14.5	10,101	69.59	
New York.....				256.0					162.9			
New Jersey.....	42	41	35	51.0	47,747	93.54	14,013	33,734	15.6	14,250	91.60	
Pennsylvania.....	39	31	27	100.0	47,350	47.36	18,362	28,988	40.1	22,316	55.70	
<b>Midwest:</b>												
Michigan.....				44.1					7.3			
Ohio.....	17	18	18	53.0	21,821	41.16	9,217	12,604	15.1	11,084	73.55	
Indiana.....	13	12	11	10.6	2,257	21.24	1,475	782	2.8	1,723	61.93	
Illinois.....	107	106	102	116.3	97,049	83.48	17,985	79,064	51.8	46,617	89.95	
Wisconsin.....	8	13	13	6.2	503	8.16	315	188	2.0	1,569	78.53	
Minnesota.....	9	10	12	14.2	13,856	97.85	2,208	11,648	4.1	4,031	97.91	
Iowa.....				4.7					(1)			
Missouri.....	7	3	3	14.3	13,208	92.07	4,483	8,725	9.3	6,769	72.53	
North Dakota.....	3			(1)								
South Dakota.....												
Nebraska.....	3	3	2	1.1	1,071	100.00	846	225	1.0	871	83.35	
Kansas.....	1			4.3					.1			
<b>South:</b>												
Delaware.....	1	2	1	1.1	1,096	95.97	650	446	.4	351	100.00	
Maryland.....	6	5	6	31.1	7,965	25.60	5,289	2,676	13.0	9,168	70.57	
District of Columbia.....	1	1	1	20.3	5,922	29.21	4,524	1,398	16.7	7,147	42.77	
Virginia.....			9	22.7					11.4			
West Virginia.....	8	6	7	1.9	1,513	81.04	611	902	.6	568	100.00	
Kentucky.....				11.9					5.5			
Tennessee.....	46	32	16	31.1	30,684	98.57	9,350	21,334	8.9	8,563	85.89	
North Carolina.....	20	19	17	17.3	9,294	53.62	3,861	5,433	4.3	4,326	100.00	
South Carolina.....	13	13	10	2.8	2,670	96.15	1,914	756	1.9	1,871	99.36	
Georgia.....	163	124	93	25.5	23,999	94.24	8,284	15,715	14.1	14,056	99.67	
Florida.....	37	29	20	11.8	11,608	98.47	5,179	6,429	4.4	4,882	100.00	
Alabama.....	104	69	55	19.4	19,164	98.73	19,164	1,447	16.8	16,639	99.20	
Mississippi.....	33	21	10	2.9	2,871	97.55	1,424	1,447	1.5	1,394	95.48	
Louisiana.....	38	27	20	15.8	15,716	99.47	4,068	11,648	5.2	5,134	97.98	
Arkansas.....	11	10	13	5.2	4,162	80.25	1,267	2,895	.9	904	100.00	
<b>Southwest:</b>												
Oklahoma.....				1					(1)			
Texas.....	130	119	81	22.8	15,839	69.55	9,440	6,399	10.8	10,854	96.24	
New Mexico.....				3								
Arizona.....				2.3					1.1			
<b>West:</b>												
Montana.....	5	4	5	.8	821	100.00	309	512	.3	237	84.34	
Idaho.....	3	5	5	.3	268	100.00	106	162	.1	108	100.00	
Wyoming.....									(1)			
Colorado.....	6	2	2	3.2	1,828	56.28	1,474	354	1.3	1,067	84.02	
Utah.....									.1			
Washington.....	19	24	23	5.2	4,059	77.88	3,112	947	4.2	4,193	99.74	
Oregon.....	9	9	8	2.9	1,466	51.40	694	775	.6	598	92.14	
Nevada.....	5	6	8	2.7	1,993	72.74	789	1,204	.8	765	100.00	
California.....	55	56	69	89.1	29,024	32.59	17,962	11,062	25.9	20,417	78.76	
Alaska.....		1	n.a.						.6	589	100.00	
Hawaii.....		2	n.a.	17.6					7.6	4,012	52.81	
<b>U.S. total.....</b>	<b>1,099</b>	<b>972</b>	<b>863</b>	<b>1,152.7</b>	<b>497,518</b>	<b>43.16</b>	<b>197,342</b>	<b>300,176</b>	<b>513.4</b>	<b>259,680</b>	<b>50.58</b>	

n.a.—Not available.

<sup>1</sup> Less than \$50,000.

Source: U.S. Bureau of the Census. *Census of Governments, 1962*, *Census of Governments, 1957*, and *Governments in the United States in 1952*. (See explanatory note.)

TABLE 4.—Sewerage Disposal, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of local governments for sewerage disposal							
	1962	1967	1952	1962				1967			
				All local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total	Special districts (in thousands)		All local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total
						Current operation	Capital outlay				
<b>Northwest:</b>											
Maine.....	18	17	27	\$3.7	\$1,883	51.15	\$474	\$1,409	\$2.0	\$648	32.76
New Hampshire.....	1	1		1.6	107	6.49	11	96	1.4	8	.55
Vermont.....	2	1		1.9	1	.05	1		.6	6	1.92
Massachusetts.....	2	2		27.9	194	.69	188	71	17.6	180	.88
Rhode Island.....	2	1		4.1	158	3.81	117	41	5.4		
Connecticut.....	5	2	8	28.3	5,779	20.39	1,742	4,037	13.6	3,289	28.27
New York.....				105.4					84.3		
New Jersey.....	52	5	6	47.7	25,399	42.96	7,012	12,387	48.5	2,239	4.54
Pennsylvania.....	255			96.3	52,487	54.50	7,749	44,738	77.9		
<b>Midwest:</b>											
Michigan.....	1	7	8	66.6	694	.91	375	39	35.7	773	2.16
Ohio.....	1		2	88.8	1,191	1.34	25	1,166	80.8		
Indiana.....	2		1	42.1	128	.30	43	85	31.1	7	.02
Illinois.....	76	55	75	87.7	54,403	62.04	28,127	26,279	65.4	39,060	59.90
Wisconsin.....	3	3	3	49.6	16,866	34.04	4,785	10,081	39.5	10,439	26.37
Minnesota.....	2	1	1	31.0	1,863	6.19	1,186	737	23.6	894	3.67
Iowa.....	6	3	3	21.1	95	.45	88	7	10.4	138	1.33
Missouri.....	1	1	18	13.5	6,049	32.85	2,958	3,073	10.5	2,794	29.42
North Dakota.....				4.9					2.2		
South Dakota.....				1.6					1.9		
Nebraska.....	77	24	1	14.6	4,067	28.24	170	3,897	3.7	199	2.82
Kansas.....	1	1		14.1	28	.17	28		13.4	314	2.35
<b>South:</b>											
Delaware.....				3.1					2.5		
Maryland.....	1	1	5	34.5	14,587	42.28	2,756	11,831	19.4	12,139	63.67
District of Columbia.....				17.8					6.4		
Virginia.....	4	2	2	19.3	1,872	9.71	1,072	800	23.7	1,801	6.24
West Virginia.....	10	1		11.6	173	1.49	90	83	3.6		
Kentucky.....	5	3	3	14.5	945	6.52	711	234	13.6	344	2.53
Tennessee.....			1	12.5	48	.39	36	12	8.6	17	.20
North Carolina.....	8	3	12	17.1	198	.93	53	55	12.8	482	3.28
South Carolina.....	6	3	7	2.9	853	28.84	357	496	2.8	883	31.88
Georgia.....				18.8					6.3		
Florida.....	2	1	6	40.9	665	1.63	224	441	30.3		
Alabama.....				10.1					9.9		
Mississippi.....				7.0					2.4		
Louisiana.....	20	11		26.7	148	.55	109	39	14.5	2,447	16.67
Arkansas.....	18	21	17	4.4	130	2.98	67	63	2.5	66	1.81
<b>Southwest:</b>											
Oklahoma.....	2	2	2	5.9					9.7	27	.28
Texas.....	2	17	15	52.3	2,001	3.82	445	1,556	38.5	2,314	6.15
New Mexico.....			1	7.8					3.9	1	.03
Arizona.....	2	1	1	14.1	432	3.06	211	221	4.4	254	5.87
<b>West:</b>											
Montana.....				3.5					2.5		
Idaho.....	2	1	1	3.4	247	7.33	102	145	1.6	5	.32
Wyoming.....	1			1.5	94	6.10	24	70	.7		
Colorado.....	105	45	35	7.1	3,215	45.01	1,130	2,085	6.3	3,196	34.24
Utah.....	7	1		7.0	4,532	64.32	769	3,763	6.3	4,660	77.71
Washington.....	43	24	24	45.6	24,999	65.44	2,112	24,486	12.2	2,966	28.81
Oregon.....	23	17	7	12.5	1,821	14.56	227	1,594	5.7	740	13.00
Nevada.....	4	3		3.0	1,782	59.10	228	1,554	3.9	535	13.60
California.....	150	100	147	106.8	32,015	29.98	11,531	20,484	78.5	20,354	25.93
Alaska.....			n.a.	2.2	236	16.80	236		.3		
Hawaii.....			n.a.	6.7					2.8		
<b>U.S. total.....</b>	<b>937</b>	<b>451</b>	<b>429</b>	<b>1,272.3</b>	<b>228,714</b>	<b>20.34</b>	<b>79,749</b>	<b>178,965</b>	<b>908.9</b>	<b>114,298</b>	<b>12.88</b>

n.a.—Not available.

Source: U.S. Bureau of the Census, *Census of Governments, 1965*, *Census of Governments, 1967*, and *Governments in the United States in 1962*. (See explanatory note.)

TABLE 5.—Local Parks and Recreation, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of local governments for local parks and recreation							
	1962	1957	1952	1962				1957			
				All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts (in thousands)		All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total
		Current operation	Capital outlay								
<b>Northeast:</b>											
Maine	3	1		\$1.4					\$1.1		
New Hampshire				1.8					.9		
Vermont				.8					.4		
Massachusetts				22.8					21.8		
Rhode Island				2.8					2.1		
Connecticut	1	1		18.6	853	.36	841	832	9.4	852	.66
New York				119.2					83.3		
New Jersey				36.2					23.0		
Pennsylvania	17			41.0	6,380	15.55	946	5,434	27.6		
<b>Midwest:</b>											
Michigan	1	1	1	38.3	3,867	10.14	1,735	2,132	38.6	2,748	7.19
Ohio	26	10	9	34.9	3,119	14.67	3,940	1,479	25.3	2,581	10.36
Indiana				13.6					9.4		
Illinois	179	144	114	76.5	55,874	73.06	45,883	9,991	52.5	44,064	74.35
Wisconsin	1	1	2	33.8					22.2		
Minnesota	1			17.2	250	1.46	37	213	12.9		
Iowa				9.9					7.2		
Missouri				21.1					14.0		
North Dakota	104	62	5	1.9	1,465	78.05	1,169	290	1.5	1,005	69.47
South Dakota				2.0					1.5		
Nebraska				5.2					4.0		
Kansas	1	1		5.3	163	3.09	88	75	3.0	121	2.41
<b>South:</b>											
Delaware				1.2					.6		
Maryland	1		2	21.6	4,913	22.70	2,025	2,888	10.0	2,906	28.92
District of Columbia				18.1					6.2		
Virginia	1			8.7					5.6		
West Virginia			1	3.1	136	4.32	118	18	2.9	81	2.78
Kentucky	1	1		4.2	203	4.84	47	156	2.7	37	1.00
Tennessee				8.2					6.6	2	.03
North Carolina				6.9					4.4		
South Carolina	4	3		2.9	273	9.30	162	111	2.3	472	20.91
Georgia	3	2	1	7.8	95	1.22	71	24	6.4	2	.03
Florida	1	1	2	30.2	1	(1)	1		24.7		
Alabama				6.2					4.5		
Mississippi				2.3					1.6		
Louisiana	10	11	2	10.5	742	7.09	441	301	7.4	1,048	14.17
Arkansas				2.0					.8		
<b>Southwest:</b>											
Oklahoma				4.2					4.1		
Texas	1	1	1	28.8	12	.04	12		25.0	3	.01
New Mexico				2.5					2.3		
Arizona				6.7					2.9		
<b>West:</b>											
Montana				1.4					1.3		
Idaho				1.8					.9		
Wyoming				.7					.4		
Colorado	16	8		8.8	1,111	12.56	596	513	6.3	146	2.31
Utah				3.9					2.6		
Washington	5	2	2	17.3	1,766	10.19	1,067	699	8.4	1,191	14.11
Oregon	10	6	4	7.8	671	8.61	342	329	5.7	117	2.05
Nevada	4			2.5	180	5.99	41	89	1.4		
California	96	60	48	148.0	9,337	6.31	4,367	4,970	86.5	3,817	4.26
Alaska			n.a.	.2					.1		
Hawaii			n.a.	6.1					3.0		
U.S. total	468	336	194	886.0	92,581	10.45	62,828	29,753	611.6	60,423	9.84

n.a.—Not available.  
 1 Less than .005 percent.

Source: U.S. Bureau of the Census, *Census of Government, 1952*, *Census of Governments, 1957*, and *Governments in the United States in 1952*. (See explanatory note.)

TABLE 6.—Utilities (excluding water supply), Number of Districts and Expenditure for Selected Years

State	Districts			Direct expenditure of local governments for utilities								
	1962	1957	1952	1962				1957				
				All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts (in thousands) <sup>1</sup>		All local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	
				Current operation		Capital outlay						
<b>Northeast:</b>												
Maine.....	2	2	3	\$0.5	<sup>2</sup> \$546	100.0	\$462	\$82	\$1.1	<sup>2</sup> \$473	43.00	
New Hampshire.....			8	.6					.5	<sup>2</sup> 218	42.49	
Vermont.....				5.0					2.5			
Massachusetts.....	3	5	4	86.2	<sup>2</sup> \$0,529	58.59	47,210	674	83.8	<sup>2</sup> \$4,008	64.45	
Rhode Island.....				.2	<sup>2</sup> 235	100.00	235		.2	<sup>2</sup> 223	100.00	
Connecticut.....	1	3	1	7.8					6.2	<sup>2</sup> 780	12.58	
New York.....			1	447.2	<sup>2</sup> 4,417	.99	3,865	552	398.5			
New Jersey.....				4.8					3.9			
Pennsylvania.....	2			8.8	<sup>2</sup> 212	2.40	167	43	7.8			
<b>Midwest:</b>												
Michigan.....				53.2					56.1			
Ohio.....				69.2					72.8			
Indiana.....	1	1	1	61.5	<sup>2</sup> \$0,539	49.68	23,050	6,775	51.9	<sup>2</sup> 21,989	42.37	
Illinois.....	1	1	1	143.0	<sup>2</sup> \$121,760	85.18	115,500	1,985	128.9	<sup>2</sup> 111,237	86.30	
Wisconsin.....				20.6					15.8			
Minnesota.....				31.0					27.4			
Iowa.....				23.0					20.1			
Missouri.....				26.9					35.3			
North Dakota.....				3.6					3.5	<sup>2</sup> 88	2.51	
South Dakota.....				140.1	<sup>2</sup> \$119,004	84.94	75,314	34,745	120.1	<sup>2</sup> 101,574	84.57	
Nebraska.....	34	28	31	31.8	<sup>2</sup> \$11,249	35.35	8,835	2,106	24.9	<sup>2</sup> 7,954	31.94	
Kansas.....				8.8					2.9			
<b>South:</b>												
Delaware.....				2.9					4.2			
Maryland.....				17.0					12.7			
District of Columbia.....				22.1	<sup>4</sup> 103	.47	72	9	12.3	<sup>4</sup> 31	.25	
Virginia.....				167.8	<sup>4</sup> 5,898	3.52	2,944	1,548	170.8	<sup>4</sup> 3,100	1.82	
West Virginia.....				28.4					21.7			
Kentucky.....				14.5	<sup>5</sup> 4,731	32.68	3,940	339	9.7	<sup>5</sup> 1,776	18.31	
Tennessee.....	14	8		24.1	<sup>2</sup> 883	3.66	862	9	16.5			
North Carolina.....			2	89.8	<sup>4</sup> 1,497	1.67	834	362	63.2	<sup>4</sup> 1,260	1.99	
South Carolina.....	6	2	2	41.2	<sup>4</sup> 6,453	15.67	3,914	751	22.6	<sup>4</sup> 2,935	12.99	
Georgia.....	1			10.3					9.4			
Florida.....	2	2		23.3					25.0	<sup>4</sup> 41	.16	
Alabama.....	10	7		8.0					6.3			
Mississippi.....				7.5					7.8			
Louisiana.....			1	92.4	<sup>2</sup> 7,599	8.23	5,683	1,605	66.7	<sup>2</sup> 5,970	8.95	
Arkansas.....				5.9					5.1			
<b>Southwest:</b>												
Oklahoma.....			1	36.3	<sup>2</sup> 33,985	93.65	22,444	7,847	30.5	<sup>2</sup> 28,666	93.99	
Texas.....	6	6	6									
New Mexico.....				3.1					1.7			
Arizona.....				1.2					.6			
<b>West:</b>												
Montana.....				19.4					13.3			
Idaho.....			1	5.6					4.7			
Wyoming.....				187.8	<sup>2</sup> 118,637	63.17	36,739	46,129	141.0	<sup>2</sup> 77,668	55.08	
Colorado.....				27.3	<sup>2</sup> 5,101	18.72	3,508	1,110	9.1	<sup>2</sup> 3,013	33.11	
Utah.....	15	17	26	1.9	<sup>2</sup> 1,000	53.73	895	98	1.2	<sup>2</sup> 929	77.42	
Washington.....	6	6	10	352.5	<sup>6</sup> 116,717	33.11	72,435	36,080	188.4	<sup>2</sup> 28,338	15.04	
Oregon.....	5	5	5	5.2	<sup>2</sup> 91	1.76	70	10	4.3			
Nevada.....	5	3	4									
California.....			n.a.									
Alaska.....	1		n.a.									
Hawaii.....												
<b>U.S. total.....</b>	<b>116</b>	<b>97</b>	<b>105</b>	<b>2,369.3</b>	<b>641,185</b>	<b>27.06</b>	<b>428,972</b>	<b>142,859</b>	<b>1,914.6</b>	<b>452,271</b>	<b>23.62</b>	

n.a.—Not available.

<sup>1</sup> Difference between district expenditures and sum of current operation and capital outlay is interest on debt.

<sup>2</sup> Electric systems.

<sup>3</sup> Transit systems.

<sup>4</sup> Gas systems.

<sup>5</sup> Electric and gas systems.

<sup>6</sup> Electric and transit systems.

Source: U.S. Bureau of the Census, *Census of Governments, 1962*, *Census of Governments, 1957*, and *Governments in the United States in 1962*. (See explanatory note.)

TABLE 7.—Ports, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of State and local governments for ports								
	1962	1957	1952	1962				1957				
				All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts (in thousands)		All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	
		Current operation		Capital outlay								
<b>Northeast:</b>												
Maine		2	2	30.4						30.2		
New Hampshire				( <sup>1</sup> )	347	100.00	347			( <sup>1</sup> )		
Vermont				7.9						13.0		
Massachusetts				1.1						.4		
Rhode Island				( <sup>1</sup> )						.1		
Connecticut												
New York	1		1	71.9	44,309	61.90	11,471	\$33,038	63.6	332,045	74.81	
New Jersey	1	1	1	1.5	898	30.35	762	136	1.7	701	40.71	
Pennsylvania				2.2	47	2.13	25	22	2.6			
<b>Midwest:</b>												
Michigan	1	2	1	1.2					.4	150	36.41	
Ohio	1	1		1.2					.6	258	45.32	
Indiana				.2								
Illinois	4	1		3.1	621	19.80	283	328	11.3	10,021	88.32	
Wisconsin				1.0					1.9			
Minnesota				4.4					1.7			
Iowa				.1					.2			
Missouri				.6					( <sup>1</sup> )			
North Dakota												
South Dakota												
Nebraska				( <sup>1</sup> )					( <sup>1</sup> )			
Kansas												
<b>South:</b>												
Delaware				2.0					.5			
Maryland				4.3					3.2			
District of Columbia									( <sup>1</sup> )			
Virginia				14.4					.6			
West Virginia									.2			
Kentucky				( <sup>1</sup> )					( <sup>1</sup> )			
Tennessee			1	.3					.6			
North Carolina			1	1.0					.7			
South Carolina				5.0					2.1			
Georgia	2	2	1	4.8					1.8	70	3.82	
Florida	10	10	11	7.4	2,532	33.12	1,222	1,310	8.5	2,173	61.94	
Alabama				6.5					7.9			
Mississippi	1	6	5	6.7					.4	271	61.45	
Louisiana	5	3	3	24.2	3,021	12.47	748	2,273	18.6	1,795	11.52	
Arkansas												
<b>Southwest:</b>												
Oklahoma												
Texas	15	12	10	28.1	21,369	75.94	9,478	11,881	29.2	15,983	74.83	
New Mexico												
Arizona												
<b>West:</b>												
Montana												
Idaho	1											
Wyoming												
Colorado												
Utah												
Washington	60	36	78	30.2	30,248	90.69	9,295	10,563	12.9	11,072	90.01	
Oregon	29	17	18	12.5	9,519	76.05	2,794	6,725	7.6	3,543	46.54	
Nevada												
California	11	12	3	33.2	13,839	26.99	6,444	7,385	32.4	5,173	15.98	
Alaska			n.a.	1.6					.7			
Hawaii			n.a.	2.0					1.4			
U.S. total	133	105	139	291.7	116,628	39.98	42,549	74,079	189.1	63,825	44.34	

n.a.—Not available.  
<sup>1</sup> Less than \$50,000

Source: U.S. Bureau of the Census, *Census of Governments, 1962*, *Census of Governments, 1957*, and *Governments in the United States in 1952*. (See explanatory note.)

TABLE 8.—Airports, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of State and local governments for airports							
	1952	1957	1962	1962				1957			
				All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts (in thousands)		All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total
		Current operation		Capital outlay							
<b>Northeast:</b>											
Maine.....				91.4					80.9		
New Hampshire.....				.5				.2			
Vermont.....				.4				.2			
Massachusetts.....				11.4				3.0			
Rhode Island.....				1.4				.8			
Connecticut.....				2.2				1.6			
New York.....				84.7	\$73,251	86.45	\$20,578	\$47,678	78.5	\$73,574	95.88
New Jersey.....				1.7				.2			
Pennsylvania.....	18			11.7	1,293	9.37	63.6	457	7.2		
<b>Midwest:</b>											
Michigan.....	2			9.7					7.7		
Ohio.....				9.4					8.0		
Indiana.....				4.5					3.0		
Illinois.....	24	21	19	36.0	2,689	7.50	1,379	1,313	7.5	2,525	83.69
Wisconsin.....				3.9					1.5		
Minnesota.....	1	1	1	5.8	5,191	88.05	1,975	3,214	4.0	3,133	77.63
Iowa.....				3.6					1.8		
Missouri.....				4.9					8.7		
North Dakota.....				1.0					.6		
South Dakota.....				.3					.4		
Nebraska.....	12			1.0	74	7.61	7	67	1.1		
Kansas.....				2.1	266	17.72	334	32	2.8	316	11.29
<b>South:</b>											
Delaware.....				.4					.3		
Maryland.....				2.3					1.4		
District of Columbia.....											
Virginia.....	2			3.6	283	10.70	135	248	.7		
West Virginia.....	1	1	1	2.2	84	2.78	84		2.4	1,476	61.89
Kentucky.....				1.9					.2		
Tennessee.....	1			9.6					1.3		
North Carolina.....	7	2	1	1.7					.9	223	28.17
South Carolina.....	1			.4					.5		
Georgia.....	1	1		7.2					2.5	1	.04
Florida.....	3	1		19.9	111	.96	111		12.4	91	.73
Alabama.....				4.7					2.1		
Mississippi.....				4.0					1.1		
Louisiana.....				2.2					6.2		
Arkansas.....				.9					.7		
<b>Southwest:</b>											
Oklahoma.....				11.7					3.2		
Texas.....				15.6					19.7		
New Mexico.....				.5					1.2		
Arizona.....				5.4					4.0		
<b>West:</b>											
Montana.....				1.8					.7		
Idaho.....				.8					.5		
Wyoming.....				.6					.6		
Colorado.....				9.4					2.7		
Utah.....				1.4					1.1		
Washington.....	1	1		4.9	1,639	33.28	1,145	494	3.5	1,878	53.41
Oregon.....				2.1	1,153	55.15	698	515	3.7	3,169	86.77
Nevada.....				5.4					.7		
California.....	2	1	1	40.8					17.3	118	.68
Alaska.....			n.a.	4.0					.6		
Hawaii.....			n.a.	9.4					2.8		
U.S. total.....	76	29	23	373.0	86,004	23.07	32,043	54,021	234.7	88,504	37.71

n.a.—Not available.

 Source: U.S. Bureau of the Census, *Census of Governments, 1955*, *Census of Governments, 1957*, and *Governments in the United States in 1958*. (See explanatory note.)

TABLE 9.—Health and Hospitals, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of State and local governments for health and hospitals								
	1962	1957	1952	1962				1957				
				All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts (in thousands)		All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	
							Current operation	Capital outlay				
<b>Northeast:</b>												
Maine.....	1	1		\$15.2						\$12.1		
New Hampshire.....				11.9						11.2	\$8	0.07
Vermont.....	1			7.1	( <sup>3</sup> )	( <sup>4</sup> )	( <sup>5</sup> )	( <sup>5</sup> )		5.6		
Massachusetts.....	1	1		166.0	\$430	0.26	\$429	\$1		145.7		
Rhode Island.....				18.2						15.1		
Connecticut.....				55.6						52.1		
New York.....	128	128	145	687.0	248	.04	196	52		526.1	267	.05
New Jersey.....				133.9						103.6		
Pennsylvania.....				208.5						163.9		
<b>Midwest:</b>												
Michigan.....	8	8	5	236.2	12,116	5.13	9,330	2,786		186.3	5,459	2.93
Ohio.....	24	24	3	177.6	1,615	.91	1,567	48		143.4	1,359	.95
Indiana.....	1			98.6	8,146	8.27	7,990	156		71.8	5,248	7.31
Illinois.....	55	46	27	193.1	17,692	9.16	14,619	3,073		174.3	10,055	5.72
Wisconsin.....				94.5						73.3		
Minnesota.....	4			86.4	782	.91	777	4		75.6		
Iowa.....				54.1						36.3		
Missouri.....				87.3						57.9		
North Dakota.....				8.0						8.8		
South Dakota.....				7.4						5.9		
Nebraska.....	11	11	12	24.5	21	.09	21			20.4	16	.08
Kansas.....	22	19		49.9	2,860	5.73	2,090	770		36.9	1,460	3.96
<b>South:</b>												
Delaware.....				9.5						7.5		
Maryland.....				87.5						58.5		
District of Columbia.....				46.0						29.3		
Virginia.....	5	5	3	68.5	3,683	5.38	3,199	489		52.8	4,115	7.79
West Virginia.....				23.7						18.5		
Kentucky.....				42.9						30.3		
Tennessee.....				70.1						49.0		
North Carolina.....	3	3		82.5	3	( <sup>4</sup> )	3			56.1	331	.59
South Carolina.....	7	7	9	47.3	3,158	6.68	2,131	1,027		32.3	1,402	4.34
Georgia.....	99	92	29	116.3	61,830	53.16	50,622	11,208		71.8	31,577	43.96
Florida.....	62	61	37	147.5	42,199	28.62	33,015	9,184		82.7	18,027	21.79
Alabama.....	33	28		60.4	12,378	20.51	11,425	953		33.7	6,957	20.62
Mississippi.....				46.1						23.5		
Louisiana.....	21	13		70.3	6,996	9.96	6,321	675		49.5	2,986	6.03
Arkansas.....				31.6						18.8		
<b>Southwest:</b>												
Oklahoma.....				39.0						26.4		
Texas.....	6	3	11	153.0	19,929	13.02	15,799	4,130		107.3	7,626	7.11
New Mexico.....				15.5						14.0		
Arizona.....	4	2	1	18.8	539	2.86	534	5		13.0	74	.67
<b>West:</b>												
Montana.....	4	4		10.4	324	3.10	301	23		8.7	43	.49
Idaho.....	4	3		14.3	562	3.94	545	17		10.4	645	6.17
Wyoming.....	5	3		12.4	812	6.54	661	151		7.9	488	6.16
Colorado.....	29			46.2	1,700	3.68	1,152	548		28.0		
Utah.....	10	8	16	13.9	350	2.52	317	33		10.5	257	2.44
Washington.....	33	23	17	61.5	8,888	14.45	7,086	1,802		61.4	5,698	9.28
Oregon.....	12	9	2	37.2	2,057	5.54	1,993	64		27.6	1,757	6.37
Nevada.....	11	11		12.3						8.1		
California.....	107	95	84	507.4	54,729	10.79	48,733	5,996		336.2	32,281	9.60
Alaska.....			n.a.	9.7						3.0		
Hawaii.....			n.a.	22.4						16.7		
<b>U.S. total.....</b>	<b>649</b>	<b>568</b>	<b>371</b>	<b>4,345.2</b>	<b>264,052</b>	<b>6.08</b>	<b>220,859</b>	<b>43,193</b>		<b>3,220.3</b>	<b>138,136</b>	<b>4.29</b>

n.a.—Not available.

<sup>1</sup> Health districts.

<sup>2</sup> Hospitals districts and one health district.

<sup>3</sup> Health and hospital districts.

<sup>4</sup> Less than .005 percent.

<sup>5</sup> Less than \$500.

<sup>6</sup> Health districts account for less than \$14 million of the total.

Source: U.S. Bureau of the Census, *Census of Governments, 1962*, *Census of Governments, 1957*, and *Governments in the United States in 1952*. (See explanatory note.)

TABLE 10.—Libraries, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of local governments for libraries							
	1962	1957	1952	1962				1957			
				All local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total	Special districts (in thousands)		All local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total
						Current operation	Capital outlay				
<b>Northwest:</b>											
Maine				80.9					80.6		
New Hampshire				.9					.8		
Vermont				.4					.3		
Massachusetts				17.5					14.3		
Rhode Island				.7					.5		
Connecticut				6.6					4.4		
New York				44.5					27.4		
New Jersey				14.4					9.4		
Pennsylvania				10.7					7.7		
<b>Midwest:</b>											
Michigan				15.8					10.8		
Ohio	32	32	19	27.7	825,046	90.40	822,073	42,973	8.8	55,893	66.78
Indiana	204	215	207	6.3	5,245	85.03	4,849	494	4.0	3,078	77.26
Illinois	16	12	9	16.9	294	1.28	179	55	10.8	120	1.11
Wisconsin				8.8					6.5		
Minnesota				6.9					5.1		
Iowa	3	1	1	4.5	52	1.15	52		3.0	17	.37
Missouri	46	36	28	7.5	3,480	46.45	2,943	538	5.5	2,052	37.02
North Dakota				.5					.3		
South Dakota				.6					.5		
Nebraska				1.7					1.1		
Kansas	3	2	2	3.1	491	15.96	483	8	1.7	298	17.93
<b>South:</b>											
Delaware				.3					.2		
Maryland				6.4					3.7		
District of Columbia				3.3					2.1		
Virginia				4.8					1.9		
West Virginia				.8					.2		
Kentucky				1.4					1.3		
Tennessee				2.6					1.2		
North Carolina				4.5					2.6		
South Carolina				1.3					.7		
Georgia				2.0					1.7		
Florida				5.9					2.3		
Alabama				1.9					1.5		
Mississippi				1.4					.8		
Louisiana				4.9					4.1		
Arkansas				1.6					.6		
<b>Southwest:</b>											
Oklahoma				1.8					1.2		
Texas				8.8					7.1		
New Mexico				.9					.5		
Arizona				1.3					.8		
<b>West:</b>											
Montana				1.1					.8		
Idaho	8	2		.8	65	11.32	72	13	.4	3	.75
Wyoming				.8					.4		
Colorado				2.6					1.8		
Utah				1.3					1.0		
Washington	18	15		9.0	2,767	80.78	2,477	90	6.8	1,757	25.69
Oregon				3.4					2.5		
Nevada				.3					.2		
California	9	7	3	43.8	262	1.3	245	47	27.2	194	.88
Alaska			n.s.	.2					.1		
Hawaii			n.s.						(1)		
U.S. total	349	322	269	319.5	30,089	11.92	33,872	4,217	199.4	13,402	6.72

n.s.—Not available.

1 Less than \$50,000.

 Source: U. S. Bureau of the Census, *Census of Governments, 1955*, *Census of Governments, 1957*, and *Governments in the United States in 1958*. (See explanatory note.)

TABLE 11.—Highways, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of State and local governments for highways							
	1962	1967	1962	1962				1967			
				All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total	Special districts (in thousands)		All State and local governments (in millions)	Special districts (in thousands)	Special districts as a percent of total
							Current operation	Capital outlay			
<b>Northeast:</b>											
Maine.....		1	2	\$69.3					\$53.1	\$29	0.05
New Hampshire.....	7	3	1	55.5	3366	0.73	\$509	\$27	41.9	341	.81
Vermont.....	5	5	2	60.9	10	.02	10		27.3	21	.08
Massachusetts.....	3	1	1	245.2	4	( <sup>1</sup> )	4		291.3	31	.01
Rhode Island.....	1	2	2	37.8	5	.01	5		31.3	6	.02
Connecticut.....	20	8	9	188.1	190	.06	55	15	262.6	64	.03
New York.....	2	2	2	932.5	53,952	5.78	17,966	26,012	652.7	40,415	6.19
New Jersey.....	52	55	5	269.1	5,156	2.00	5,945	2,091	218.0	28,193	12.93
Pennsylvania.....	2	1		269.2	1,268	.35	1,161	107	371.8	938	.25
<b>Midwest:</b>											
Michigan.....				486.3					364.7		
Ohio.....				538.3					422.4		
Indiana.....				228.8					168.0		
Illinois.....	13	6	2	509.3	22	( <sup>1</sup> )	22	1	417.1	7	( <sup>1</sup> )
Wisconsin.....				365.6					266.5		
Minnesota.....				242.9					176.9		
Iowa.....	2	1	1	258.4	255	.10	218		182.0	828	.45
Missouri.....	486	590	552	221.7	3,990	1.80	2,387	1,604	146.8	3,669	2.52
North Dakota.....				57.7					47.1		
South Dakota.....				81.8					54.5		
Nebraska.....				169.0					73.8	2	( <sup>1</sup> )
Kansas.....			13	158.8					170.6		
<b>South:</b>											
Delaware.....				27.4					22.7		
Maryland.....	6	1	9	165.9	28	.02	28		165.1	30	.01
District of Columbia.....				58.9					15.8		
Virginia.....	2	2		251.5	52,532	20.73	4,820	47,712	181.7	18,071	9.95
West Virginia.....	1	1		97.4	1	( <sup>1</sup> )			76.0		
Kentucky.....	1	2	5	210.5	111	.05	94	17	103.0	88	.09
Tennessee.....		1		214.7					118.2	17	.01
North Carolina.....				180.5					150.9		
South Carolina.....		1		93.0	105	.11	96	9	26.7	18	.02
Georgia.....	1	2	1	206.9	226	.11	226		121.4	184	.11
Florida.....	1		2	289.4	4	( <sup>1</sup> )	4		264.3		
Alabama.....				159.7					127.9		
Mississippi.....				123.7					84.2		
Louisiana.....				205.4					154.3		
Arkansas.....	8	7	1	94.4	69	.07	69		90.9	80	.13
<b>Southwest:</b>											
Oklahoma.....				185.2					121.1		
Texas.....				570.3					405.1		
New Mexico.....				54.5					53.9		
Arizona.....				96.1					54.2		
<b>West:</b>											
Montana.....				65.8					53.1		
Idaho.....	78	73	90	39.3	4,374	7.38	2,340	2,025	35.7	3,831	8.91
Wyoming.....				30.5					29.3		
Colorado.....				95.7					89.5		
Utah.....				58.8					24.5	10	.03
Washington.....				187.9					160.0		
Oregon.....	74	32	5	139.5	436	.31	302	47	100.9	262	.28
Nevada.....	2			34.4	1,415	4.11		1,415	23.3		
California.....	4	26	38	931.9	3,488	.37	2,559	1,929	664.4	1,796	.27
Alaska.....			n.s.	32.4	11	.03		11	4.2		
Hawaii.....			n.s.	26.1					26.9		
U.S. total.....	773	792	774	10,356.8	130,725	1.26	38,183	92,542	7,847.3	98,691	1.26

n.s.—Not available.

<sup>1</sup> Less than .005 percent.

 Source: U.S. Bureau of the Census, *Census of Governments, 1962*, *Census of Governments, 1967*, and *Governments in the United States in 1952*. (See explanatory notes.)

TABLE 12.—Natural Resources, Number of Districts and Expenditure for Selected Years

State	Districts			Direct general expenditure of State and local governments for natural resources							
	1962	1957	1952	1962				1957			
				All State and local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total	Special districts (in thousands)		All State and local governments (in millions)	Special districts (in thousands)	Special districts as a per cent of total
						Current operation	Capital outlay				
<b>Northeast:</b>											
Maine.....	15	15	15	\$10.2	\$56	0.55	\$50	\$6	\$7.7	\$48	6.62
New Hampshire.....	10			5.7	30	.53	19	12	4.5		
Vermont.....	13	13	13	4.6	161	3.54	111	50	3.6	215	6.03
Massachusetts.....	15	15	15	10.1	12	.12	12		9.2	66	.72
Rhode Island.....	3	3	3	3.3	28	.84	22	6	2.7	11	.41
Connecticut.....	1			12.0	1	.01	1		7.1		
New York.....	3	3		64.9	284	.36	203	31	117.7	1,485	1.29
New Jersey.....	14	12	8	33.5	14	.04	14		14.0	39	.28
Pennsylvania.....	5			37.1	115	.31	23	92	25.2		
<b>Midwest:</b>											
Michigan.....	76	73	67	42.3	180	.43	180	1	31.5	254	.81
Ohio.....	100	90	87	29.9	2,137	7.15	1,318	819	23.5	1,152	4.90
Indiana.....	102	82	73	23.7	628	2.80	362	226	16.4	191	1.16
Illinois.....	673	680	634	35.2	5,691	16.16	2,625	2,766	26.8	2,521	8.47
Wisconsin.....	56	61	55	31.7	59	.19	24	35	22.0	128	.58
Minnesota.....	98	80	67	30.0	342	1.14	320	22	22.2	186	.84
Iowa.....	189	169	146	19.4	1,244	6.42	898	346	14.5	937	6.45
Missouri.....	166	207	229	16.3	1,387	7.20	970	417	13.2	921	6.96
North Dakota.....	112	98	89	8.1	1,313	16.28	801	512	7.1	689	9.70
South Dakota.....	80	69	56	8.4	538	6.37	425	113	7.7	408	5.32
Nebraska.....	271	269	278	15.7	3,592	22.95	2,898	694	9.9	2,682	26.48
Kansas.....	239	188	178	17.9	1,617	5.69	901	116	14.9	1,265	9.33
<b>South:</b>											
Delaware.....	62	62	39	2.3	11	.49	3	8	1.8	46	2.49
Maryland.....	148	131	121	16.8	3,660	21.77	343	3,297	9.0	139	1.54
District of Columbia.....					265	1.28	25	239	13.4	18	.13
Virginia.....	32	30	28	30.7	214	2.40	265	9	7.8	196	2.52
West Virginia.....	13	15	14	8.9	26.0	1.62	193	72	16.9	103	.61
Kentucky.....	128	127	116	26.0	263	1.69	167	96	11.4	159	1.40
Tennessee.....	131	90	40	15.5	263	2.11	77	458	17.6	66	.37
North Carolina.....	72	70	64	35.3	241	2.22	165	46	18.7	195	.67
South Carolina.....	49	48	41	10.8	65	.24	60	5	19.9	64	.32
Georgia.....	58	29	28	27.3	8,037	17.58	2,648	5,289	26.5	4,473	11.32
Florida.....	113	155	165	45.7	15.9				12.4	2	.02
Alabama.....	55	14	14	15.9	6,599	27.08	756	5,813	13.5	439	3.26
Mississippi.....	281	221	229	24.3	13,998	33.94	5,413	8,585	22.9	9,810	29.84
Louisiana.....	98	165	162	41.2	1,330	3.46	851	379	9.8	1,057	11.43
Arkansas.....	223	206	194	14.2							
<b>Southwest:</b>											
Oklahoma.....	112	92	85	17.6	1,687	9.59	747	889	19.0	788	4.14
Texas.....	392	324	332	51.9	18,177	35.92	2,514	8,653	31.7	10,399	32.80
New Mexico.....	78	79	77	12.8	8,137	24.48	2,573	564	11.5	2,403	20.94
Arizona.....	37	35	26	19.7	10,368	62.67	7,125	3,273	23.3	11,148	47.73
<b>West:</b>											
Montana.....	121	128	127	11.4	1,753	15.26	1,467	286	19.2	1,344	13.15
Idaho.....	162	157	144	15.0	3,912	26.03	3,645	269	11.4	3,036	26.56
Wyoming.....	103	119	90	9.3	2,084	22.34	1,362	722	7.5	2,338	21.13
Colorado.....	168	163	168	14.7	1,454	13.29	1,436	496	12.8	1,450	11.86
Utah.....	74	74	80	11.8	1,488	12.90	636	852	7.6	457	5.74
Washington.....	186	213	190	36.7	6,659	18.50	5,421	628	27.6	5,935	21.50
Oregon.....	160	163	134	30.4	3,041	9.99	2,382	659	23.0	2,895	12.61
Nevada.....	20	24	24	5.4	532	9.76	517	15	7.8	556	7.16
California.....	547	391	371	369.5	68,328	19.01	41,393	26,435	212.0	47,132	22.23
Alaska.....			n.a.	7.1					1.4		
Hawaii.....	16	15	n.a.	11.3	13	.12	13		4.1		
<b>U.S. total.....</b>	<b>4,158</b>	<b>5,538</b>	<b>5,224</b>	<b>1,379.7</b>	<b>176,699</b>	<b>12.89</b>	<b>102,204</b>	<b>74,494</b>	<b>1,036.2</b>	<b>119,833</b>	<b>11.56</b>

n.a.—Not available.

 Source: U.S. Bureau of the Census, *Census of Governments, 1962*, *Census of Governments, 1957*, and *Governments in the United States in 1962*. (See explanatory note.)

TABLE 13.—Types of Natural Resource Districts for Selected Years

State	Soil conservation			Drainage			Irrigation and water conservation			Flood control			Other		
	1962	1957	1952	1962	1957	1952	1962	1957	1952	1962	1957	1952	1962	1957	1952
<b>Northeast:</b>															
Maine	15	15	15												
New Hampshire	20														
Vermont	13	13	13												
Massachusetts	15	15	15												
Rhode Island	3	3	3												
Connecticut										1					
New York													3		
New Jersey	14	12	8												
Pennsylvania										5					
<b>Midwest:</b>															
Michigan	76	73	66			1		1							
Ohio	87	85	80	2	1		2			9	2	7			2
Indiana	83	69	53	2	1	1	3			14	12	19			
Illinois	99	97	94	822	728	758	4		1	18	5	1			55
Wisconsin				26	61	55									
Minnesota	80	71	52	4	7	3	1			18	2	2			
Iowa	98	100	100	84	60	38				7	6	8			3
Missouri				110	166	207				56	26	32			13
North Dakota	74	78	78	1			22	11	7	15	4	4			8
South Dakota	67	66	53				5	3	3	8					
Nebraska	87	88	84	56	58	76	41	28	26	7	2		80	5	32
Kansas	105	104	102	75	77	76	6	2		53	2				3
<b>South:</b>															
Delaware				62	62	39									
Maryland				123	108	98				1					
District of Columbia															
Virginia	30	28	22												4
West Virginia	13	14	14												1
Kentucky	121	121	114	3	2	1				4	3	1			1
Tennessee	95	83	40	2	1		2	2		32	1				3
North Carolina	44	37	28	27	32	37				1	1				1
South Carolina	45	43	37	2	4	4	1	1							
Georgia	28	27	26		2	2									
Florida	57	56	51	43	41	48	6	1		4	3	3	3	2	3
Alabama	54	13	12	1	1	2									
Mississippi	73	73	73	173	142	163				5	3	3			3
Louisiana				81	84	83			1	17	14	19			6
Arkansas	76	74	56	102	98	100				43	25	32	2	4	6
<b>Southwest:</b>															
Oklahoma	88	86	83	1			9	6		14					2
Texas	180	168	161	62	56	64	76	68	61	71	28	46	3		22
New Mexico	57	61	60	4	5	5	17	12	12						4
Arizona				1		2	24	27	24	2					4
<b>West:</b>															
Montana	57	58	48	23	22	23	50	46	56	1					3
Idaho	51	40	29	41	46	44	63	65	70	7	4	1			3
Wyoming	44	43	36	22	23	15	31	29	36						3
Colorado	94	93	89	27	33	37	44	36	35	3	2	7			1
Utah	41	38	47	19	19	20	13	11	10	1					3
Washington				71	99	88	84	81	85	31	27	9			17
Oregon	57	51	31	57	53	56	67	54	46	6	4	1	2		3
Nevada	35	30	20			2	4	3	2						2
California	154	122	67	71	45	25	195	164	157	51	31	11	75	47	130
Alaska			n.a.			n.a.			n.a.			n.a.			n.a.
Hawaii	16	15	n.a.			n.a.			n.a.			n.a.			n.a.
U.S. total	2,461	2,300	1,981	2,246	2,132	2,174	783	672	641	500	209	206	176	217	222

n.a.—Not available.

Source: U.S. Bureau of the Census, *Census of Governments, 1952*, *Census of Governments, 1957*, and *Governments in the United States in 1958*. (See explanatory note.)

TABLE 14.—Multifunction Districts for Selected Years<sup>1</sup>

State	Total		Sewer and water		Natural resources and water supply		Other	
	1962	1957	1962	1957	1962	1957	1962	1957
<b>Northeast:</b>								
Maine.....	5	7	3	4			2	3
New Hampshire.....	2	40					2	40
Vermont.....		13		2				11
Massachusetts.....	1	7		3			1	4
Rhode Island.....		1						1
Connecticut.....	5	96	3	1			2	95
New York.....	1	1					1	1
New Jersey.....	6	2	4				2	2
Pennsylvania.....	61		48				13	
<b>Midwest:</b>								
Michigan.....	1	2		1		1	1	
Ohio.....		3						3
Indiana.....	1	3					1	3
Illinois.....	5	15	4	9			1	6
Wisconsin.....								
Minnesota.....								
Iowa.....								
Missouri.....		3						3
North Dakota.....		8				3		5
South Dakota.....								
Nebraska.....	3	8			1	4	2	4
Kansas.....	4	12	1	8			3	4
<b>South:</b>								
Delaware.....								
Maryland.....	4	16	3	3			1	13
District of Columbia.....								
Virginia.....		1		1				
West Virginia.....	2	3	2	1				2
Kentucky.....	2	3	1	2			1	1
Tennessee.....	8	9	4	3			4	6
North Carolina.....	6	9	3	4			3	5
South Carolina.....	9	16	2	9			7	7
Georgia.....		1		1				
Florida.....	1	5	1			1		4
Alabama.....		1						1
Mississippi.....								
Louisiana.....		4		1				3
Arkansas.....	1	2	1	2				
<b>Southwest:</b>								
Oklahoma.....	2	2			2	2		
Texas.....	57	88	28	55	13	18	16	15
New Mexico.....		4		1		3		
Arizona.....	2	6			1	6	1	
<b>West:</b>								
Montana.....	1	1				1	1	
Idaho.....	2	5		1	2	1		3
Wyoming.....	1	2			1	2		
Colorado.....	13	18	11	13	1	4	1	1
Utah.....	5	6	2	1	3	4		1
Washington.....	10	28				11	10	17
Oregon.....	8	10			2	3	6	7
Nevada.....	2	1				1	2	
California.....	78	89	17	18	30	43	31	28
Alaska.....	1	1					1	1
Hawaii.....								
<b>U.S. total.....</b>	<b>310</b>	<b>552</b>	<b>138</b>	<b>144</b>	<b>56</b>	<b>108</b>	<b>116</b>	<b>300</b>

<sup>1</sup> The 1957 and 1962 figures are not comparable because of a change of classification of multifunction districts. In 1957 any district reporting expenditures for 2 or more functions was classified as a multifunction district. In 1962 a district had to have outstanding debt of \$100,000 or 5 full-time employees in order to be so classified.

Source: U.S. Bureau of the Census, *Census of Governments, 1962* and *Census of Governments, 1957*. (See explanatory note.)

TABLE 15.—Cemetery and Other Single Function Districts for Selected Years

States	Cemetery districts			Other single-function districts		
	1962	1957	1952	1962	1957	1952
<b>Northeast:</b>						
Maine.....	1	1		16		
New Hampshire.....				4		4
Vermont.....						
Massachusetts.....						1
Rhode Island.....						
Connecticut.....				71		56
New York.....				1	2	3
New Jersey.....				25		1
Pennsylvania.....				100		
<b>Midwest:</b>						
Michigan.....				2		2
Ohio.....						
Indiana.....				4		
Illinois.....	19					
Wisconsin.....						
Minnesota.....						
Iowa.....						
Missouri.....						
North Dakota.....						
South Dakota.....						
Nebraska.....	30	16				
Kansas.....	594	583	526	1		
<b>South:</b>						
Delaware.....						
Maryland.....				6		
District of Columbia.....						
Virginia.....						
West Virginia.....						
Kentucky.....						
Tennessee.....				1	1	
North Carolina.....						
South Carolina.....				2		3
Georgia.....						
Florida.....				3		
Alabama.....						
Mississippi.....						
Louisiana.....						
Arkansas.....						
<b>Southwest:</b>						
Oklahoma.....						
Texas.....				4		
New Mexico.....				24	29	
Arizona.....						
<b>West:</b>						
Montana.....	49	37	1	1		
Idaho.....	151	139	124			
Wyoming.....	13	4				
Colorado.....	60	41	23	1	1	2
Utah.....	28	19	13	2		
Washington.....	43	26	8	3		
Oregon.....	43	18	10	2	2	2
Nevada.....				10		
California.....	252	223	206	19	8	9
Alaska.....			n.a.	4		n.a.
Hawaii.....			n.a.			n.a.
<b>U.S. total.....</b>	<b>1,283</b>	<b>1,107</b>	<b>911</b>	<b>306</b>	<b>43</b>	<b>83</b>

n.a.—Not available.

Source: U.S. Bureau of the Census, *Census of Governments, 1962*, *Census of Governments, 1957*, and *Governments in the United States, 1952*. (See explanatory note.)

**Appendix B**  
**PRIOR COMMISSION RECOMMENDATIONS**  
**AFFECTING SPECIAL DISTRICTS**

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## **I. State Constitutional and Statutory Restrictions on the Structural, Functional and Personnel Powers of Local Government (Report A-12)**

A. *In order to prevent further judicial erosion of the powers of local government, the Commission recommends that the States in their constitutions grant to selected units of local government all functional powers not expressly reserved, preempted, or restricted by the legislature.*

The only way for States to deal effectively with inevitable legislative delay in granting local government power to discharge necessary new functions is to provide a broad, unambiguous grant of functional power. . . . Therefore, it is important to emphasize that the delegation of residual powers should be preceded by a careful review of affirmative limitations upon the powers of local government within a State. Such delegation should occur simultaneously with the enactment of a local code, by which the State legislature places necessary limitations upon local powers and reserves other powers for the State. . . . Consequently, in making such a delegation, each State should select the types of local government best suited to exercise general powers.

. . . The delegation of residual powers should stimulate initiative and vigor of local self-government to meet new and expanding responsibilities. . . . It should also free State legislatures from acting on a host of purely local and special legislation and, at the same time, bring into bold relief the existing profusion of antiquated restrictive provisions of State statutes.

For further study and consideration leading to State constitutional revision, the following draft of an amendment is offered:

*Municipalities and counties (or selected units identified to best suit the conditions in a given State) shall have all residual functional powers of government not denied by this constitution or by general law. Denials may be expressed or take the form of legislative preemption and may be in whole or in part. Express denials may be limitations of methods or procedure. Pre-empted powers may be exercised directly*

*by the State or delegated by general law to such subdivisions of the State or other units of local government as the legislature may by general law determine.*

B. *The Commission reiterates its recommendation of 1961 that States enact legislation authorizing two or more units of local government to exercise jointly or cooperatively any power possessed by one or more of the units concerned and to contract with one another for the rendering of governmental services; additionally the Commission recommends, as a matter of long-range policy, that both National and State Governments incorporate into their grant-in-aid programs appropriate incentives to small units of government to join together in the administration of the function being given grant assistance.*

Intergovernmental cooperation at the local level, either by formal written contracts or by informal verbal agreements, often provides a workable method of meeting particular problems when separate action by individual local units is uneconomical and when the consolidation or transfer of the function is not economically or politically feasible. . . .

\* \* \* \* \*

Constitutional and statutory provisions of many States that bar officials from holding two offices and prohibit counties and municipalities from lending credit might be construed to prohibit members of local governing bodies from sitting on boards of joint enterprises, and to invalidate long-term contractual arrangements involved in facility expansion programs. The constitutional amendment recommended to the States by this Commission and by the Council of State Governments in 1961 is broad enough to include nonurban units of government and its adoption in States having this problem is strongly encouraged.

It is undeniable that grants-in-aid, whether from the State or National Government, which flow to small units of local government for the performance

of particular functions often may tend to underwrite units uneconomical in size. State aid to schools has been a marked exception, since such State aid has been used effectively to encourage consolidation of small districts. The Commission believes that State governments in particular should carefully examine their local grants-in-aid with a view to so structuring them as to encourage joint exercise of functions by smaller units.

The Commission also believes that with respect to certain Federal grants-in-aid which flow directly to local units of government, care should be exercised that the grants, as a minimum, do not promote fragmentation at the local level. . . . National and State Governments should also avoid requiring, as a condition to the allotment of grants, the establishment of special agencies or committees which duplicate or complicate the orderly processes of constituted authority and obscure the responsibility of established agencies.

*C. The Commission recommends the enactment of enabling legislation to permit county governments, individually or jointly, to establish machinery*

## **II. Governmental Structure, Organization, and Planning in Metropolitan Areas (Report A-5)**

*A. The Commission recommends that the States examine critically their present constitutional and statutory provisions governing annexation of territory to municipalities, and that they act promptly to eliminate or amend—at least with regard to metropolitan areas—provisions that now hamper the orderly and equitable extension of municipal boundaries so as to embrace unincorporated territory in which urban development is underway or in prospect. As a minimum, authority to initiate annexation proceedings should not rest solely with the area or residents desiring annexation but should also be available to city governing bodies. There is also merit to the proposition that the inhabitants of minor outlying unincorporated territory should not possess an absolute power to veto a proposed annexation which meets appropriate standards of equity. The Commission further urges States generally to examine types of legislation which in certain States have already been adopted to facilitate desirable municipal annexations, with a view to enacting such facilitative provisions as may be suitable to their respective needs and circumstances.*

*for the performance of service functions desired and required by their residents. Such legislation should contain the option, to be exercised only if the use of contractual powers, functional transfers, differential assessment areas, or other arrangements do not suffice, of establishing areawide or subarea service corporations or special districts. Such corporations should be endowed with authority to borrow and exact user charges, to provide facilities and perform governmental services, but should be made completely and directly responsible to the county governing board.*

The Commission is cognizant that service corporations and special district devices are criticized as being a piecemeal approach to the solution of governmental problems because they create more units of government and are likely to be unresponsive to the public will. Generally, the Commission looks with disfavor upon such devices; however, there are circumstances, with certain safeguards, in which they may be needed in order to discharge a necessary function that otherwise would not be performed.

. . . As the territory beyond the central cities became increasingly urbanized the people living in these incorporated suburbs and unincorporated areas successfully obtained from their State legislatures legal provisions to make more difficult the annexation of their areas to the central city. In some instances the people in outlying areas were granted exclusive authority to initiate annexation proceedings. In most States they were given a conclusive veto over annexation proposals through the proviso that an annexation action would have to receive a favorable majority within the area being annexed.

These handcuffs upon the annexation process have contributed considerably to the present metropolitan problem insofar as the complexity of local governmental structure is concerned. In some situations imaginative and vigorous leadership on the part of the central city, coupled with fortuitous provisions of State annexation laws, has enabled the city to annex unincorporated territory as it became urbanized and consequently has enabled the city to keep abreast of the geographic spread of the urban population. Where this has occurred many of the

difficulties associated with complex governmental structure in metropolitan areas have been avoided. Unfortunately, these instances have tended to be the exception rather than the rule. Much more typical has been a situation where annexation is severely limited by restrictive legislation . . .

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B. *The Commission recommends that States consider the enactment of legislation authorizing local units of government within metropolitan areas to establish, in accordance with statutory requirements, metropolitan service corporations or authorities for the performance of governmental services necessitating areawide handling, such corporations to have appropriate borrowing and taxing power, but with the initial establishment and any subsequent broadening of functions and responsibilities being subject to voter approval on the basis of an areawide majority.*

. . . The Commission believes that the States should place at the disposal of the people in the metropolitan areas a variety of possible measures from which they can make a selection based upon their own desires and the peculiar needs of their area. The Commission further believes that functional authorities constitute one of several methods by which residents of metropolitan areas should, if they so choose, be able to proceed. This is not to dismiss the arguments which have been advanced against the use of authorities in certain situations. However, in the view of the Commission, it is possible through careful procedure to avoid, most if not all, of the difficulties most frequently associated with the use of the authority device.

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C. *The Commission recommends the enactment of legislation by the States authorizing the establishment of metropolitan area planning bodies to comprise representatives from the political subdivisions of the metropolitan area. The functions of such a planning body should consist at least in providing advisory recommendations to the local units of government in the area with respect to the planned development of the metropolitan area; desirably they should include the development of areawide plans for land use and capital facilities and the review of zoning ordinances proposed by the component units of government in the area.*

The Commission views with concern the tendency in some of the literature dealing with administra-

tive and structural problems of the metropolitan areas to assume glibly that the first primary requisite for the alleviation of these problems is the construction of a "metropolitan area plan." The concept of a "metropolitan area plan" is frequently enshrined as a deity to which administrators, politicians, and taxpayers generally are expected to render complete and continued obeisance.

The Commission is not antagonistic to the planning function at National, State, and local levels of government; we wish to state a strong aversion, however, to the viewpoint which considers the construction of plans an end in itself. We prefer to view planning, regardless of the level of government to which it is taken, as a staff function to facilitate the policy formulating process. Planning indeed is a necessary tool for many of the technical and administrative judgments, both political and economic, which units of local government in the large metropolitan areas are required to make continually. To be worthwhile and to serve a useful rather than an academic purpose, *the respective facets of metropolitan area planning must be closely geared into the practical decisionmaking process regarding land use, tax levies, public works, transportation, welfare programs, and the like. . . .* In short, the Commission desires to emphasize that in the above recommendation directed toward the establishment of metropolitan area planning commissions, the Commission is talking about a necessary practical operation and not an academic exercise.

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D. *The Commission recommends the enactment of legislation by the States authorizing the legislative bodies of municipalities and counties located within metropolitan areas to take mutual and coordinate action to transfer responsibility for specified governmental services from one unit of government to the other.*

E. *The Commission recommends the enactment of legislation by the States to establish (or adapt) an agency of the State government for continuing attention, review, and assistance with respect to the metropolitan areas of the State and associated problems of local government, planning, structure, organization, and finance.*

F. *The Commission recommends that the States take legislative and administrative action to establish a program (or to expand existing programs) of financial and technical assistance to metropolitan*

areas in such fields as urban planning, urban renewal, building code modernization, and local government organization and finance.

G. The Commission recommends that the States, where necessary, take legislative or administrative action to encourage and facilitate exercise of discretionary authority by the Governor and his office, to resolve those disputes among local units of government within metropolitan areas which (a) cannot be resolved at the local level by mutual agreement, (b) are not of sufficient scope or subject matter to warrant special legislative action, and (c) which, however, in the determination of the Governor, are of such moment as to impede the effective performance of governmental functions in the area.

### III. *Alternative Approaches to Governmental Reorganization in Metropolitan Areas* (Report A-11)

The Commission recommends that where effective county planning, zoning, and subdivision regulation do not exist in the fringe area, State legislatures enact legislation making extraterritorial planning, zoning, and subdivision regulation of

H. The Commission recommends the enactment of legislation to require that—after a specified subsequent date—all applications for Federal grants-in-aid for airport construction, waste treatment works, urban renewal, public housing, hospital construction, and urban highways, received from political subdivisions located within metropolitan areas or which pertain to projects in such areas, bear evidence of having been reviewed and commented upon—not necessarily approved—by a legally constituted metropolitan planning agency having scope and responsibility for comprehensive planning for the metropolitan area and being representative of the population and governmental units of the area as a whole.

unincorporated fringe areas available to their municipalities, with provision for the residents of the unincorporated areas to have a voice in the imposition of the regulations.

### IV. *Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas* (Report A-13)

A. Where central cities, counties, and other jurisdictions provide water or sewer service to other units of government on a contract basis, they should assume the responsibility for comprehensive area-wide facility planning. In addition, these jurisdictions should encourage the most economical development of service lines to the contracting areas. Furthermore, supplier-buyer relationship between municipality and suburb in specific instances might be eased through provision for suburban representation on water and sewer policy agencies.

B. The Commission recommends that public officials in urban areas make greater efforts to increase public investments in urban water utilities, particularly for sewage treatment. The goal should be a financial system for unified and integrated development of water supply and sewage treatment facilities which is accepted by the local governments affected as being equitable and economically efficient in terms of development on the basis of optimal service levels.

C. The Commission recommends that comprehensive water utility planning, on a metropolitan area as well as watershed and drainage basin basis,

should be undertaken in each metropolitan area. Such planning should integrate the provision of water and sewer services with other metropolitan functions, insure economies of scale, and promote sound overall patterns of metropolitan development. Full use should be made of water and sewage planning and development as a basic tool for directing overall urban development along desirable and orderly lines. Primary responsibility for this function is best lodged in an areawide comprehensive planning agency. The planning agency should tie together at the local level the technical planning efforts of the various local, regional, State, and Federal agencies whose activities affect urban water supply and waste disposal. The Commission further recommends that local units of government coordinate utility policymaking on a regional basis, regardless of the number of operating agencies in the metropolitan area.

D. The Commission recommends that States enact legislation vesting responsibility for overall State water resource planning, policymaking, and program coordination in a single agency, as has been

proposed by the Council of State Governments. State water resource planning and policy development should give urgent consideration to the requirements and problems of urban areas. Each State also should insure that the interests of its urban areas are provided for in the State's representation on interstate water agencies.

E. The Commission recommends that the States enact legislation to . . . (b) provide incentives for comprehensive development, and appropriate organization on watershed, drainage basin or metropolitan area bases with sufficient discretionary authority vested in the State administrators to discourage uneconomical investment in water and sewer utilities, . . . (d) liberalize debt limits and referenda requirements for water and sewage facility financing, (e) permit joint action by units of local government in meeting area water and sewage needs.

#### **V. Impact of Federal Urban Development Programs on Local Government Organization and Planning (Report A-20)**

A. The Commission recommends that the Congress and appropriate Executive agencies take legislative and administrative action to remove from Federal aid programs for urban development all organizational limitations which require or promote special purpose units of local government to the disadvantage of general purpose units of local government (i.e., municipalities, towns, and counties). Other factors being equal, general purpose units of government should be favored as Federal Aid recipients. Special purpose recipients should be required to coordinate their aided activities with general purpose governments.

Removing restrictions and granting necessary authority to local units of general government challenge the determination and courage of government officials. In too many cases city and county officials have been willing to let others withstand political pressures involved in decisions on public housing, water and sewer services, and general planning, thus abdicating to special authorities and agencies responsibility for vital urban development functions. Federal policies should not contribute to these practices.

A pragmatic approach has been used by Federal agencies in determining organizational requirements for eligibility in aid programs—i.e., the primary Federal interest has sought to assure professional quality performance of the function being assisted,

F. The Commission recommends that Federal grants for sewage treatment plant construction be consistent with comprehensive drainage basin and metropolitan area planning, and that the existing program be amended to provide an additional matching incentive for the development of sewage disposal systems on a regional or major subregional basis. Federal construction grants for sewage treatment should be adjusted to provide for increased dollar ceilings in grants-in-aid to larger cities.

G. The Commission recommends that the Congress amend the statutory authority for the Public Facility Loans Program of the Housing and Home Finance Agency to permit (a) communities of 50,000 population or more to qualify for sewer and water project loans, and (b) the joining together of communities with an aggregate population exceeding 50,000 for purposes of such loan assistance.

and to assure that specific program objectives are achieved. General purpose units of local government have often not been equipped to provide such assurance at the time the Federal program was initiated due to difficulties encountered in staffing problems, local political problems, and State limitations on taxing and borrowing authority. In light of these obstacles, Federal policies prescribed in limited aid programs have found it easier to encourage functional adjustments in the governmental system.

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Such pragmatic attempts to promote individual program objectives, by creating local counterparts to Federal administering agencies, have complicated local organizational structures involved in urban development planning, decisionmaking, and operations. Until HHFA's "workable program" concept and its urban planning assistance program came along in 1954, the Federal Government seemed to have ignored the principle that general purpose units of local government should be strengthened. Complex interrelationships between numerous urban development activities are making clearer the wisdom of the concept that wherever possible general purpose units of government should be encouraged as Federal aid recipients. Where this is not possible, special purpose recipients should be required to coordinate with general purpose units.

In the past, the Federal Government has not hesitated to use its aid programs to affect local governmental organization. A shift toward strengthening general purpose units of local government, and away from special purpose units would simplify intergovernmental relations, make urban development processes more understandable by the public, and reduce the time and effort that would need to be spent by public officials in coordinating additional independent units of government.

Area-wide administration or interlocal cooperation and coordination for certain urban programs offer economies of scale, more assurance of equitability in financing certain services, and the proper geographic base for solving problems that do not respect arbitrary political boundaries. The most

obvious way of trying to obtain these advantages is to establish area-wide, special purpose agencies whenever a metropolitan function must be performed. However, this complicates the governmental structure of the area and raises problems of coordination between general policies of the city, county, or town and the district's special objectives. These difficulties may be at least partially avoided by authorizing a metropolitan district to administer multiple functions, and by choosing the district's governing officials from among elected governing officials of the local counties and municipalities in the area to be served. Such an arrangement has been authorized by the State of Washington and is being tried in the Seattle metropolitan area.

## VI. State Constitutional and Statutory Restrictions on Local Government Debt (Report A-10)

*A. The Commission recommends that authority to issue bonds should be legally vested in the governing bodies of local governments, subject to a permissive referendum only, on petition, and with participation in any such referendum available to all eligible local voters and the results determined—except under unusual circumstances—by a simple majority vote on the question.*

Existing State provisions that make a popular referendum a mandatory condition for the issuance of full faith and credit debt, and especially those which require a large or selective type of majority vote, have stimulated undesirable developments of local government structure and financing in many areas. . . .

The Commission sees a marked difference in the role of an elective local governing body with regard to a *petition-based* referendum on its action to authorize bonds, as compared with a mandated referendum on all such actions it may propose. In the former instance, the burden of proof rests with the objectors; in the latter, the governing body presumably must in every case prove the wisdom of its action—and often, with the legal requirements that apply, hampered at least as much by disinterest of the voters as by overt opposition. Thus, mandatory referendum requirements should be eliminated not only because of their widely undesirable effects on local debt practices but, more fundamentally, because they contradict sound

principles of representative local government. These principles call for the placement of extensive responsibility with an elective legislative body, subject to popular control primarily through recurrent election rather than by automatic exposure of its actions to "item-veto" at the polls.

*B. The Commission recommends the repeal of constitutional and statutory provisions limiting local government debt or debt service by reference to the local base for property taxation.*

It has been nearly a century since such provisions became widespread. This should be a long enough period for the States to have learned that any possible benefits from such provisions have been vastly outweighed by their undesirable effects—upon the borrowing and financial practices of local government, upon intergovernmental relationships, upon the property tax system, and upon the structure of local government. In the form they now take in most States, such restrictions have outworn whatever value or necessity they might have had at the time of their development. They have persisted as barriers rather than stimulants to improved local government budgeting, accounting, and reporting. . . .

*C. Local governments, should be granted maximum powers with respect to local government indebtedness. The Commission recommends that State provisions with respect to local government*

*indebtedness take cognizance of all forms of local borrowing and debt. The intended application of such State provisions should be made explicit, and they should be designed to facilitate—rather than hamper—intelligent choice among suitable alternative forms of borrowing by the local governments*

## **VII. State Constitutional and Statutory Restrictions on Local Taxing Powers (Report A-14)**

*The Commission recommends the lifting of constitutional and statutory limitations on local powers to raise property tax revenues.*

The case against State-imposed limitations on local property tax rates revealed by our investigations is strong. Such limitations are inimical to local self-government and should be lifted. We recognize, however, that after nearly a century of custom, some States may not be prepared to release the stranglehold of these institutional practices on short notice. It may take a little time for legislators and the general public to become convinced that tax rate limitations serve no useful purpose and have great potential for mischief. Legislators' receptiveness to change will be affected also by the quality of property tax administration and of public accounting, budgeting, and reporting practices. Each improvement in these areas improves the case for lifting arbitrary tax limitations. The case will be further enhanced as public participation in the conduct of local governments becomes more widespread.

States which find it impractical to eliminate property tax limits in the immediate future are urged to

consider partial steps toward relieving the pressure on their local governments. We recommend the following guidelines for liberalizing the property taxing powers of local governments:

(1) *Statutory limitations are preferable to constitutional limitations.*

(2) *Limitations on taxing powers, if imposed should be restricted to the financing of operation and maintenance costs and should exclude requirements for servicing capital improvement debt and for pay-as-you-go capital outlays.*

(3) *If limitations are imposed, provision should be made for relief (a) administratively by a State agency and (b) by reference to the electorate.*

(4) *The electorate should always have the authority to initiate by petition a vote on proposals to exceed prescribed tax limitations.*

(5) *If property tax limitations are imposed and if governing bodies and citizens have the latitude to adjust them in compelling circumstances as we here recommend (Nos. 3 and 4), then tax limits should embrace all overlapping local taxing jurisdictions.*

## **VIII. The Role of the States in Strengthening the Property Tax (Report A-17)**

A. *Both the legislative and executive branches of the State governments should study the property tax as consistently as the other major sources of State-local revenue and treat it as an integral part of overall State and local financial planning. Adequate provision should be made for continuing study and analysis in the research divisions of State tax commissions and tax departments and by the interim tax study committees, legislative councils, and legislative reference bureaus of State legislatures, with workable liaison arrangements.*

B. *Centralized assessment administration, with more inclusive centralization when dictated by efficiency, should be considered for immediate adop-*

*tion by some States and for ultimate adoption by most States. It offers an uncomplicated and effective means of obtaining uniformly high-standard assessing throughout a State by the use of an integrated professional staff following standard methods and procedures under central direction.*

C. *That the geographical organization of each State's primary local assessment districts should be reconstituted, to the extent required, to give each district the size and resources it needs to become an efficient assessing unit and to produce a well-ordered overall structure that makes successful State supervision feasible.*

*No assessment district should be less than county-*

wide and when, as in very many instances, counties are too small to comprise efficient districts, multi-county districts should be created.

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All overlapping assessment districts should be abolished to eliminate wasteful duplication of work.

D. The State supervisory agency should be empowered to establish the professional qualifications of assessors and appraisers and certify candidates as to their fitness for employment on the basis of examinations given by it or of examinations satisfactory to it given by a State or local personnel agency, and to revoke such certification for good and sufficient cause.

No person should be permitted to hold the office of assessor or to appraise property for taxation who is not thus certified.

E. All assessors should be appointed to office, with no requirement of prior district residence, by the chief executives or executive boards of local governments when assessment districts are coextensive with such governments and by the legally constituted governing agencies of multicounty districts; they should be appointed for indefinite, rather than fixed, terms; and should be subject to removal for good cause, including incompetence, by the appointing authorities.

F. The State legislature should prescribe, or authorize the State supervisory agency to prescribe, and in either case authorize the agency to enforce, minimum professional staffing requirements in all local assessment districts; and the legislature should authorize the supervisory agency and any local districts to enter into agreements under which the agency will provide the district with specified technical services.

G. The State agency responsible for supervision of property tax administration should be empowered to require assessors and other local officers to report to it data on assessed valuations and other features of the property tax, for such periods and in such form and content as it prescribes, in adequate detail to serve its needs for supervision and study. The agency should be required to publish meaningful digests of such data annually or biennially.

H. The State supervisory agency should be required to conduct, annually, comprehensive assessment ratio studies, in accordance with sound statistical procedures, of the average level of assessment and degree of uniformity of assessment overall and for each major class of property, in all assessment districts of the State. The agency should be required to publish the findings of each study, both as to the quality and average level of assessment, in clear, readily understandable form.





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